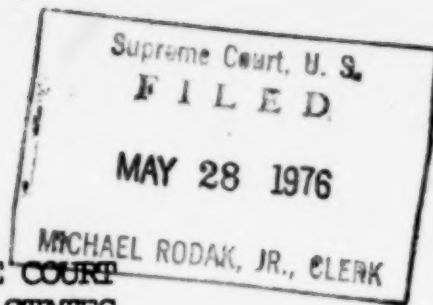


75-1731



IN THE SUPREME COURT  
OF THE UNITED STATES

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JOHN F. CARTER, PETITIONER,

VS.

AMERICAN BAR ASSOCIATION, ET AL.

---

PETITION OF JOHN F. CARTER FOR WRIT  
OF CERTIORARI TO THE SUPREME COURT  
OF THE UNITED STATES OF AMERICA

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JOHN F. CARTER  
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ROCHDALE, MA 01542  
TEL. (617) 892-9448

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JOHN F. CARTER, PETITIONER,

VS.

AMERICAN BAR ASSOCIATION, ET AL.

PETITION FOR WRIT OF CERTIORARI  
OF THE SUPREME COURT OF THE  
UNITED STATES OF AMERICA

TO THE HONORABLE CHIEF JUSTICE AND  
ASSOCIATE JUSTICES OF THE SUPREME  
COURT OF THE UNITED STATES:

Your Petitioner, John F. Carter, respectfully submits his petition for a writ of certiorari to review the order of the United States Federal District Court of Massachusetts decided in the above-styled case No. 76-1188 and companion cases No. 76-1189, No. 74-215 and to review the judgment of the United States Court of Appeals For the First Circuit entered in case No. 75-1178, and No. 75-1232.

OPINIONS BELOW

Said cases are pending in the United States Court of Appeals For The First Circuit. The opinion, rulings and orders of the court of first instance, the United States District Court of Massachusetts, and the United States Court of Appeals For The First Circuit appear in Appendix A, D, F, H and I.

JURISDICTION TO REVIEW

28 U.S.C. section 1254 (1), (1948), provides for the review by the Supreme Court by writ of

certiorari granted upon petition of any party to any civil or criminal action before or after the rendition of judgment or decree in a federal action

The date for judgment or decree sought to be reviewed is the final order of the District Court dismissing Plaintiff's cases, No. 76-1188 and No. 76-1189, entered on March 30, 1976 and No. 74-215 entered on May 11, 1976 and the United States Court of Appeals For The First Circuit judgment in No. 75-1178 entered in March 3, 1976 and No. 75-1232 entered in November 6, 1975.

An appeal has been filed in Nos. 76-1188 and 76-1189 and 74-215 ( page 30 ). There has been a petition for rehearing denied in No. 75-1178 and there has not been an order granting an extension of time within which to petition for certiorari ( page 46 ). Petition for review in No. 75-1232 has been denied and entered November 6, 1975( see page 24 for further explanation ).

#### QUESTIONS PRESENTED

1. Is it repugnant to the Constitution for the Respondent American Bar Association and it's members to have a monopoly?
2. Are lawyers accountable to the courts for their actions? And if so, what are the prosecution guarantees for an unprotected public?
3. Did the Respondent American Bar Association and it's members violate the Petitioners' personal and property rights by denial of it's legal services to Petitioners?
4. Did the Respondents party defendants violate the Petitioners' rights? Appendix B<sup>1</sup>, C.
5. Should the Respondents Canons be reinforced by Statutory Law?

6. Is it repugnant to the Constitution for the Respondent American Bar Association and it's members to deny the public a full disclosure of it's services and prices through advertising?

7. Is it repugnant to the Constitution for the Respondent American Bar Association and it's members to deny it's legal services to clients who wish to sue lawyers?

8. Are members of a law firm liable in an action brought in the name of the firm?

9. Are members of the Respondent American Bar Association liable in an action brought against the Association?

10. Did the Trial Court err in dismissing the complaint (John F. Carter v. ABA et al) for lack of subject matter jurisdiction and failure of the complaint to state a claim upon which relief may be granted? Appendix A.

11. Did the Trial Court err in dismissing Petitioners' Motions to Amend and Supplement so as to Add Party Defendants? Appendix B, C.

12. There is no indication that in evaluating a candidate, the Respondent American Bar Association committee considers anything except his professional qualifications. But "professional qualifications" may be a difficult term to define, especially in the case of Supreme Court justices, wherein social vision is at least as important as legal competence. "The very existence of Respondent's veto power unaccompanied by any responsibility to the public, invites abuse."

Therefore, is it repugnant to the Constitution for the Respondent American Bar Association to enjoy veto powers over the selection of Supreme Court Justice candidates?



13. Is it repugnant to the Constitution for the Respondent The Wall Street Journal to enjoy a monopoly as the only financial daily newspaper in the United States?

14. Did Respondent The Wall Street Journal violate the Petitioners' rights and the principle of the public's right to know by conspiring with others and not allowing the Petitioners to comment regarding the outcome of Petitioners' public Proceedings?

15. Does the Respondent The Wall Street Journal have a special responsibility to protect the business interest of the public by reporting all abuses and encroachments against the free enterprise system?

16. In view of existing Blue Sky Laws, Anti Trust Laws and the counterproductivity created by the "regulatory umbrella", is it repugnant to the Constitution for the Respondent United States Securities and Exchange Commission to have such arbitrary powers over industry in a free enterprise system?

17. Is it repugnant to the Constitution for the Respondent United States Securities and Exchange Commission to regulate competition within an industry? Or, to be able to decide when and how competition should be increased?

18. Is it repugnant to the Constitution for non-elected officials to make laws which will effect competition within an industry?

19. Are the Respondent's United States Securities and Exchange Commission's Administrative Law Proceedings repugnant to the Constitution?

20. Are the Respondent United States Securities and Exchange Commission's employees account-

able to the courts for their actions? And if so, what are the prosecution guarantees for an unprotected public?

21. Did the Trial Court err in dismissing Petitioners' suit by stating that they could not review orders of the Respondent United States Securities and Exchange Commission? Appendix D.

22. Did the Trial Court err in dismissing Petitioners' Motion to Amend and Supplement Complaint so as to Add Party Defendants. Appendix E, FF, Did the Trial Court err regarding immunities?

23. Did the First Circuit Court of Appeals err in dismissing Petition for Review. Appendix I.

24. Did the Respondent United States Securities and Exchange Commission properly and lawfully default the Petitioners for failure to appear at a hearing? Appendix W.

25. Did the Respondent United States Securities and Exchange Commission err by not allowing Petitioners' Motion to Set Aside a Default previously entered? Appendix Z, AA.

26. Did the Respondent United States Securities and Exchange Commission err when it issued it's "Findings and Order Imposing Remedial Sanctions and Permanently Suspending Regulation A Exemption" without hearing any evidence and by basing it's decision on the allegations contained in the Order For Public Proceedings filed January 15, 1974. Appendix V.

27. Did the Respondent United States Securities and Exchange Commission err by not investigating Petitioners' charges of impropriety against it's Boston Agency? Appendix L.

28. Did the Respondent United States Securities and Exchange Commission and its employees violate the Petitioners' property and due process rights? Appendix D

29. Did the Respondent's Party Defendants violate the Petitioners' rights? Appendix E.

30. Did the First Circuit Court of Appeals err by affirming the District Court's judgment by going into a Securities and Exchange Commission Order which was the object of a pending law suit. Appendix H, I, CC.

31. Did the Trial Court have a sufficient amount of evidence upon which to base its decision that Petitioner Carter violated the provisions of 15 U.S.C. § 77(1)? Appendix H.

32. Did the Trial Court err by ordering a Pre-Trial Conference for non-lawyer Carter? Appendix F.

33. Did the Trial Court abuse its discretion by dismissing Petitioners' Motions at the March 26, 1976 hearing? Appendix F.

34. Did the Trial Court err by dismissing Petitioners' Motion to Add Third Party Defendants and Third Party Complaint? Appendix F.

35. Did the Trial Court err by defaulting Petitioner Carter? Appendix F.

#### CONSTITUTIONAL PROVISIONS INVOLVED

United States Constitution, First, Fifth and Fourteenth Amendments.

Amendment 1: Congress shall make no law respecting an establishment of religion, or prohibiting

the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

Amendment 5: No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

Amendment 14, Section 1: All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

#### STATUTES INVOLVED

##### Civil Rights Acts:

Title 42 of the United States Code, sections 1983, 1985 and 1986.

Title 28 of the United States Code, sections 1331, 1332 and 1343.

42 U.S.C. §1983 provides that:

"Every person who, under color of any statute,



ordinance, regulation, custom or usage, of any State or Territory, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress."

42 U.S.C. § 1985 (3) provides that:

"If two or more persons in any State or Territory conspire or go in disguise on the highway or on the premises of another, for the purpose of depriving either directly or indirectly, any person or class of persons of the equal protection of the laws, or of equal protection of the ties under the laws; or for the purpose of preventing or hindering the constituted authorities of any State or Territory from giving or securing to all persons within such State or Territory the equal protection of the laws; or if two or more persons conspire to prevent by force, intimidation, or threat, any citizen who is lawfully entitled to vote, from giving his support or advocacy in a legal manner, toward or in favor of the election of any lawfully qualified person as an elector for President of Vice President, or as a Member of Congress of the United States; or to injure any citizen in person or property on account of such support or advocacy; in any case of conspiracy set forth in this section, if one or more persons engaged therein of, or cause to be done, any act of furtherance of the object of such conspiracy, whereby another is injured in his person or property, or deprived of having and exercising any right or privilege of a citizen of the United States, the party so injured or deprived may have an action for the recovery of damages, occasioned by such injury or deprivation, against any one or more of

the conspirators".

42 U.S.C. § 1986 provides that:

"Every person, who, having knowledge that any of the wrongs conspired to be done, and mentioned in section 1985 of this title, are about to be committed, and having power to prevent or aid in preventing the commission of the same, neglects or refuses so to do, if such wrongful act be committed, shall be liable to the party injured, or his legal representatives, for all damages caused by such wrongful act, which such person by reasonable diligence could have prevented; and such damages may be recovered in an action on the case; and any number of persons guilty of such wrongful neglect or refusal may be joined as defendants in the action; and if the death of any party be caused by any such wrongful act and neglect, the legal representatives of the deceased shall have such action thereof, and may recover not exceeding \$5,000 damages therein, for the benefit of the next of kin of the deceased. But no action under the provisions of this section shall be sustained which is not commenced within one year after the cause of action has accrued."

28 U.S.C. § 1331, Federal question -  
Amount in controversy - costs -

"The district courts shall have original jurisdiction of all civil actions wherein the matter in controversy exceeds the sum or value of \$10,000, exclusive of interest and costs, and arises under the Constitution, laws, or treaties of the United States."

28 U.S.C. § 1332, Diversity of citizenship -  
Amount in controversy - costs.

"The district courts shall have original jurisdiction of all civil actions where the matter of controversy exceeds the sum or value of \$10,000 exclusive of interest and costs, and is between -



1. citizens of different States;  
 2. citizens of a State, and foreign States or citizens or subjects thereof;  
 3. citizens of different States and in which foreign States or citizens or subjects thereof are additional parties,  
 For the purpose of this section and section and section 1441 of this title, a corporation shall be deemed a citizen of any State by which it has been incorporated and of the State where it has its principal place of business;  
 The word "States" as used in this section, includes the Territories, the District of Columbia, and the Commonwealth of Puerto Rico."

28 U.S.C. § 1343 provides that:

"The district courts shall have original jurisdiction of any civil action authorized by law to be commenced by any person:

- (1) To recover damages for injury to his person or property, or because of the deprivation of any right or privilege of a citizen of the United States, by any act done in furtherance of any conspiracy mentioned in section 1985 of Title 42;
- (2) To recover damages from any person who fails to prevent or aid in preventing any wrongs mentioned in section 1985 of Title 42 which he had knowledge were about to occur and power to prevent;
- (3) To redress the deprivation, under color of any State law, statute, ordinance, regulation, custom or usage, of any right, privilege or immunity secured by the Constitution of the United States or by any Act of Congress providing for equal rights of citizens or of all persons within the jurisdiction of the United States;
- (4) To recover damages or to secure equitable or other relief under any Act of Congress providing for the protection of civil rights, including the right to vote."

## STATEMENT OF THE CASE

This appeal involves five cases, two simultaneously dismissed by the United States Federal District Court of Massachusetts.

No. 76-1188, Appendix A,B,C and No.76-1189, Appendix D,E and No.74-215, Appendix F. These cases are pending in the First Circuit Court of Appeals. Appendix G.

No. 75-1178, Petitioner received notification by telephone May 20, 1976 that A Memorandum and Order denying Motion For Petition For Re-Hearing was entered March 3, 1976. Appendix H.

No. 75-1232, Petitioners received notification May 14, 1976 that an Order dismissing Petition For Review for failure to comply with this Court's Order of October 1, 1975 had been entered November 6, 1975. Appendix I.

Petitioners in the related actions brought under the Federal Civil Rights Acts are three corporations and one officer, thereof;

Petitioner, Brokers Diversified Inc. (BDI) a licensed broker/dealer, file No.8-16841, and was registered with the Securities and Exchange Commission (SEC).

Petitioner, Wellesley Management Corp. (WMC) a licensed investment advisor, file No.801-8808-1 and was registered with the SEC.

Petitioner, Brokers Diversified Services Corp. (Services) a Massachusetts corporation, filed with the SEC on June 14, 1972 notification on form 1-A and an offering circulation relating to a proposed offering under the Securities Act of 1933, Section 3B and Regulation A.

Petitioner, John F. Carter (Carter) is the founder and majority stockholder of a unique financial services concept orchestrated through seven corporations styled The Brokers Diversified Group (Group) having had a usual place of business in the Commonwealth of Massachusetts, as well as other jurisdictions. Appendix J.

Respondents in the related cases are a combination of state and federal officers, a government agency, a professional association for lawyers, corporations, as well as private individuals, who have in the last several years, acted individually and in concert to drive Petitioners out of business, using color and appearance of law as a cloak for their activities. Respondents have not only destroyed Petitioners' business, but have engaged in a calculated campaign of intimidation, harassment and terror directed against Petitioners and Petitioners' associates, all of which was designed to put an end to the Group concept, since, said concept posed a serious threat to the Mutual Fund Industry.

Appendix K.

Respondent SEC created an aura of hostility and dissension by conducting a contrived investigation over a ten month period of time. Respondent's investigation was designed to obtain regulatory violations against Petitioners. Unable to obtain said violations Respondents then made extortionary demands on Petitioners. Said demands were designed to negate the impact of Petitioners' concept on the regulated interest (Mutual Fund Industry).

In February 1973 Petitioner Carter made application to buy a seat on the Boston Stock Exchange (BSE), whereupon Petitioner was notified by Mr. Walter Cummings, secretary of the BSE that Petitioner's application had been approved and that a meeting with the New Membership Committee was being scheduled for March 1973. Petitioner was told said meeting was a ten minute formality.

However, at the scheduled meeting it soon became apparent to Petitioner Carter from the tone and questions styled by the president of BSE, Mr. James Dowd (former regional administrator of the SEC Boston office) that this meeting was no mere

ten minute formality as Carter had been led to believe.

On the pretense that he hadn't time to study Carter's application Dowd made an in-depth analysis of each of Carter's companies, officers and their functions - with special emphasis on the Group investment concept. Dowd then made the following remarks while presiding over Carter at a forty-five minute meeting: "You're very young to have invested such a large sum of money in so many companies" (giving an ominous look to the Committee. "Do you realize you're responsible for the actions of your salesmen and that you can be put out of business for their actions?" "Should anything happen to any one of these (Group) companies, would BDI still be able to function or would they (Group) fall like a house of cards?" How do you (Carter) feel about Mutual Funds ?"

After relating the incident to Mr. Joseph M. De Grazia, president of WMC, (Dowd had stated at the meeting that he knew DeGrazia), De Grazia acknowledged that he and Dowd knew each other well and for Carter not to be concerned that he (DeGrazia) would take care of everything with the BSE.

Within a few days the BSE approved Carter's application, also, the Respondent SEC launched an investigation into Carter's companies.

During April of 1973 the Boston regional office of the Respondent SEC began an investigation of Petitioner Services which was seeking approval of a Regulation A offering pursuant to the Securities Act of 1933, 15 USCA § 77c. The initial investigation of Services was to determine whether it had made a public or private offering.

Respondent's investigation of Petitioner



Services was precipitated by an allegation of fraud by one William L. Dickey, formerly vice-president of Petitioner BDI. Appendix L.

Prior to Dickey's allegations of fraud, Dickey had been fired from Petitioner BDI for cause when Petitioner discovered that Dickey was selling his limited partnership. Triangle Investment Associates, to investors, under the auspices of Petitioner BDI, in violation of SEC regulations. Dickey with DeGrazia as his negotiator attempted to extort twenty (20%) percent of Carter's holdings in Petitioner WMC by using the threat that he (Dickey) would go to the Respondent SEC thereby delaying the proceeds from Petitioner Services Regulation A offering which had already been sold out. Appendix M, M<sup>1</sup>, M<sup>2</sup>.

Dickey's charge of fraud was based on the allegation that Carter mislead Dickey into believing he, Dickey, was purchasing Petitioner Services' stock from Petitioner Services, when in fact Dickey was purchasing Petitioner Services' stock from Carter. Appendix H.

The Respondent SEC well knew that these charges were without merit as evidenced by the agreement signed by the parties which states clearly that the stock was being purchased from Carter and not from Petitioner Services. In addition Respondent's attorney, Nancy Driggs had received a letter from Carter's attorney requesting approval of the proposed sale. The proposed sale was approved by Respondent SEC. Appendix N, N<sup>1-4</sup>.

In April of 1973 Anthony Sinkovitch, an investigator for the Respondent SEC, told his life long friend Leon Lovitt, a salesman for Petitioner BDI that the Respondent SEC was going to put the Group companies out of business. Dickey then filed his lawsuit. Appendix H.

Despite the overwhelming evidence against Dickey's allegations of fraud, in May of 1973 the Boston regional office of the Respondent SEC proceeded to subpoena nine stockholders representing the three Petitioner-controlled corporations.

Petitioner BDI, had as it's stockholders: Edith P. Crane, Walter M. Miskell, Ann T. Knych, Frances M. Burns.

Petitioner WMC, had as it's stockholders: Ernest L. Johnson, John H. Donovan Jr., M.D., Joseph J. Cariglia, Esquire, William R. Fulginiti.

Petitioner Services, had as it's stockholders: Bernard A. McGee, William L. Dickey.

The hearing for the purpose of taking evidence from these stockholders was not conducted in an impartial and orderly manner as required by the Respondent SEC's Rules of Practice, Rule 11 (b), 17 C.F.R. § 201.11 (6) because all nine stockholders were told by the investigators that:

- (1) They could not sell their stock for five or ten years, when in fact this was untrue;
- (2) It was a lousy investment.
- (3) The Respondent SEC was investigating Carter for fraud.

This caused dissension, hostility and confusion among the stockholders.

In July of 1973 all nine stockholders were again subpoenaed by the Respondent SEC to appear for further questioning.

Carter, in August of 1973, threatened to sue Respondent SEC's Boston employees for harassment whereupon DeGrazia, president of Petitioner WMC approached Carter and offered to "take care" of Carter's "problem" with the Respondent SEC for one-half of Carter's holdings in Petitioner WMC. De Grazia further stated that Carter would be

given a sufficient amount of time to "get in line" and make the appropriate stock transfers to resolve his problems with the Respondent SEC. DeGrazia further stated that attorney Edward P. Delaney, Assistant Regional Administrator for the Respondent SEC, was a personal friend of his and Delaney had taken a "special unusual interest in this matter". DeGrazia further stated to Petitioners' stockholders at a meeting that he "would be able to save the company and their investments." Petitioners were further informed by DeGrazia that if they sought help from Washington and went directly to Respondent SEC, Washington would have ways of smoothing things out and delaying any possible settlement and in general make Petitioners' task a difficult one.

DeGrazia unveiled a stock swap plan which he told Petitioners was devised by Delaney and approved by the Boston Regional Office of Respondent SEC, including Chief Enforcement Officer Willis Riccio and Regional Administrator Floyd H. Gilbert. The stock swap would enable Petitioner BDI stockholders to become stockholders of Petitioner WMC. Delaney "considered" Petitioner WMC a viable corporation with sophisticated stockholders and in Delaney's "opinion" Petitioner BDI was not a viable company, since, Petitioner BDI had two unsophisticated stockholders, Burns and Knych, were controlled by Robert L. Borus, an accountant, who enjoyed Power of Attorney over their investment. Delaney further stated that since Carter was the president of Petitioner BDI, Carter was responsible for professional accountant (Borus) acts. Appendix O.

However, "upon becoming stockholders in Petitioner WMC the two unsophisticated stockholders would somehow or other become sophisticated". The purpose of the stock swap was to diffuse the effectiveness of the Group investment concept by phasing out Petitioner BDI thereby eliminating

trading commissions.

At a Board of Directors and Stockholders Meeting of both companies on September 10, 1973, it was voted unanimously to phase out Petitioner BDI and make certain assets and liabilities available to Petitioner WMC. This was agreed to by Petitioners in order to protect the individual stockholders of Petitioners BDI and WMC. DeGrazia had made arrangements regarding his own company. However, said arrangements were predicated on Petitioners' violating regulatory rules. Unable to obtain the necessary violations, the Respondent SEC, showing an unusual determination to put an end to the Group concept boldly made the following decisions allowing for and sanctioning the extortionary demands made to Petitioners. All of which caused irreparable harm to the remaining stockholders. Appendix pl-5.

After the vote it was learned that Petitioners refused to "share" their stock with DeGrazia at which time the Respondent SEC through Assistant Regional Administrator Delaney immediately reversed it's previous decision and ruled that the Petitioners WMC/BDI stock swap was not legal and further alleged that Petitioner WMC was in perilous condition in spite of the fact that the company had over \$100,000.00 in cash and that DeGrazia had not deducted management fees for Petitioner WMC for six months. At this time DeGrazia reminded Carter that his, meaning DeGrazia's friends "had guns" and that Carter better be "very careful"

DeGrazia and Dickey then enlisted the aid of the Petitioners WMC and Services stockholders, Ernest Johnson, Dr. John Donovan, Joseph Cariglia, Esq., William R. Fuginiti and Bernard McGee, all of whom were anxious to increase their equity positions without any additional investment and



using the Respondent SEC regulatory powers as a shield said stockholders and employees made extortionary demands on Petitioners. Appendix Q, Q<sup>1</sup>

That Respondent SEC conducted a highly unusual and irregular investigation omitting fairness, candor, integrity and honesty is further evidenced by the following:

While still conducting it's investigation the Respondent SEC granted an investment advisor license to Lexington Management Corp. (LMC), November 1973, whereupon DeGrazia, Dickey, Johnson, Fulginiti, Cariglia, McGee, Donovan and former employees were allowed by Respondent SEC to form LMC, by stripping the assets of Petitioner WMC excluding all of the Petitioner BDI stockholders including the two unsophisticated from LMC, making the Petitioners' and stockholders' \$287,000.00 investment worthless. Of particular interest here is the Petitioner BDI stockholders: Crane, Miskell, Burns and Knych unwillingness to join the Petitioners' suit and seek redress against the responsible parties. Said stockholders have openly admitted to Carter they are fearful of Internal Revenue Service reprisals by the Respondents should they (stockholders) join in the Petitioners' suit. Appendix R.

While conducting said investigation Respondent SEC granted approval (9/73) to Robert S. Winthrop and James Gendron, former officers of Petitioners to form their own company, National Fiduciary Corp. (NFC) by stripping the assets of Petitioner Services at the expense of the Petitioners and other stockholders. Winthrop and Gilbert (SEC) are personal friends. Gendron represented stockholder McGee (his cousin) in all matters. App. S

During said investigation the Respondent SEC

granted, 9/73, a broker/dealer license to the same William L. Dickey to form his own company, Darshall Inc. by stripping the assets of Petitioner BDI at the expense of Petitioners and others. Stockholders Johnson and Donovan were represented by Kenneth Swift, an officer and stockholder in Darshall Inc.

Petitioner Carter was the only officer investigated during said investigation in spite of Respondent SEC awareness that Carter had never received a salary or fees for his 3 1/2 years of employment and that Carter had invested over \$200,000.00 in the Group companies representing more than fifty (50%) percent of the total monies collected from stockholders.

All of which was allowed by Respondent SEC in spite of the stockholders' letters received stating that they had received a full and fair disclosure. Other than the Dickey and Fulginiti sale, the Petitioners did not participate in the sales presentations, having paid finders fees to others who represented the stockholders. Of particular interest here, the Petitioners attended seminar on private placements during 1972, these meetings were sponsored by the Practicing Law Institute and heavily staffed by Respondent SEC employees. Petitioners adhered to the letter and spirit of the rules which were formulated at said meetings and later adopted by Respondent SEC June 10, 1974. Appendix T, T<sup>1</sup> Also, the Petitioners met the requirements for a private offering (1) a limited number of people who (2) are informed and who (3) purchase for investment and not for re-sale.

At this point Petitioners asked their law firm Colson & Shapiro which is now Dickstein, Shapiro & Morin to enjoin and seek redress against the stockholders and employees of the various corporations that were leaving and diluting the assets. The law firm refused and further stated to

Petitioners that "they should have accepted DeGrazia's offer." That "this was all a big bag job and there was nothing they could do." they further stated that Assistant Administrator Delaney told them, "he would enjoin Carter from WMC and BDI if he made any trouble." Dickstein, Shapiro & Morin also refused to seek redress against Respondent SEC and its agents, Gilbert, Delaney and Riccio and further attempted to coerce Petitioners into negotiations. Said law firm is also retained by the BSE, Appendix U.

Whereupon Petitioners retained another law firm and brought suit against Delaney, DeGraiza, Dickstein, Shapiro & Morin, stockholders and former employees in Worcester Superior Court. The case was later transferred to the United States Federal District Court (C.A.NO. 74-2263-S).

In November of 1973 attorney Carl E. Baylis attorney for Petitioners, wrote a letter to Irving Pollack, Director of Division of Enforcement of Respondent SEC. The letter asked for a proper investigation of the above alleged facts. Appendix L.

Petitioner Carter's attorneys, Michael Abodeely Jr. and Carl E. Baylis, were assured on several occasions by attorneys Taylor and Blank of the General Counsel's Office of Respondent SEC over the telephone that a thorough investigation would take place.

As a result of Petitioner's actions former stockholders McGee, Johnson and Cariglia filed individually against the Petitioners in the United States Federal District Court of Massachusetts.

On or about February 12, 1974 Petitioner Services received an order temporarily suspending exemptions, statement of reasons therefor, and

notice of opportunity for hearing. Appendix V.

In February of 1974 Petitioners' attorneys were again assured by attorneys Taylor and Blank over the telephone that an investigation would be forthcoming prior to any hearing concerning Petitioner Services.

At all times relevant, Carter was ready, willing and able to come to the Division of Enforcement of the Respondent SEC to substantiate his allegations and Petitioners' attorneys so informed the Division.

In February of 1974 a hearing was scheduled for May 20, 1974 by the Boston Regional Office of the Respondent SEC before Administrative Law Judge, Edward B. Wagner.

One week prior to the hearing set up before Honorable Judge Wagner no investigation had taken place and no information was forthcoming from Washington. Attorneys Taylor and Blank of the General Counsel's Office in Washington admitted over the telephone to Petitioners' attorneys that nothing had been done with reference to the investigation, nothing would be done, no investigation was pending and no investigation had been intended.

Thereupon Michael Abodeely, Jr., attorney for Carter wrote to the Honorable Edward B. Wagner explaining that Carter would not appear at the scheduled hearing because the General Counsel's Office had not investigated Petitioners' charges as the General Counsel's Office represented to him it would. Petitioners were instructed by their attorneys that the law required that the Respondent could not conduct a hearing until such time as their General Counsel's Office had investigated Petitioners' charges of misconduct, regarding



Respondent SEC Boston office. And that if the Respondent conducted a hearing without investigating said charges Petitioners would then have a right of action against Respondent SEC.

On May 20, 1974 Petitioners were defaulted pursuant to Rule 6(e) of the Commissions' Rules and Practice, 17 C.F.R. section 201.6 (e). Appendix W.

Whereupon Petitioners filed an action against the Respondent SEC. Appendix D.

When filing the SEC complaint Petitioners' lawyers stated on the cover sheet that said complaint was unrelated to any other matter before the Court, an obvious lie, since, the same law firm had filed C.A.No. 74-2263-S, Carter v. De Grazia, Delaney and others. However, the case was assigned to Chief Justice Caffrey and Motions to dismiss were quickly filed. When Petitioners became aware of the strategy they petitioned the Court for consolidation. Appendix D<sup>2</sup> Said cases were later consolidated. Appendix X. Petitioners then filed a suit against the law firm of Abodeely, Abodeely, Baylis & Revelli for the many flagrant abuses and adverse legal decisions committed against Petitioners. Appendix Y.

Petitioner Carter appearing pro se mailed within a reasonable time a letter dated February 6, 1975 opposing the default judgment. Ray Garrett Jr., Chairman of the Respondent SEC responded suggesting that Carter's letter of February 6, 1975 could be treated as a motion to set aside the default pursuant to Rule 12(d) of the Commissions Rules of Practice, 17 C.F.R. section 201.12(d), and Carter responded in a letter of March 25, 1975 that because he was without counsel he wanted his letter of March 25, 1975 to be treated as a motion to set aside the

default. Appendix Z

On or about April 8, 1975 Carter received a letter from George A. Fitzsimmons, Secretary of the Respondent SEC indicating that Carter's letter of February 6, 1975 would be treated as a Rule 12(d) motion to re-open the Commission's administrative proceeding against him and his companies. Petitioners' Motion to set aside the default was denied May 1, 1975. Appendix AA.

The first case came to trial April 15, 1975, AppendixH, a very important case for the Respondent SEC, since, Petitioners had accused the Respondent SEC of violating their civil rights and conspiring to de-fraud Petitioners of their companies by conducting a contrived investigation with Dickey and others. Appendix H was the pivotal case for Respondent SEC.

Unable to retain counsel Petitioners were forced to appear pro se, despite the obvious disadvantages. Petitioners' Motion to consolidate Appendix H with 74-2263-S and Trial By Jury were denied.

Chief Justice Caffrey awarded Dickey (April 17, 1975) a judgment of \$50,000.00 against Carter. The award was based on the self-serving remarks of Dickey in spite of the overwhelming documentation that Petitioners produced for the court and the admitted obvious gains by Dickey at Petitioners' expense.

The Petitioners (who had been writing letters to the Congress in behalf of Regulatory Reform), Appendix BB, were directed to an enterprising attorney who did not feel that Judge Caffrey had been fair to Petitioners and that based on the facts involved and supported by the documentation he would take on the opposition for the Petitioners.

This attorney further stated that it (Appendix H) was the worst decision that he had ever seen and that Caffrey had the mentality for this. Appendix CC.

However, as the pressure increased this enterprising attorney notified Petitioners that the courts were aware of the injustices committed against Petitioners and that "if you (Carter) are willing to drop charges against the attorneys everything will go well for you in the courts." Whereupon this trial attorney of some note further stated to Petitioners that "if you (Carter) decide to continue this madness you'll get killed - the whole ..... place (court) is corrupt." Meaning and intending that Petitioners would not be allowed to win in court regardless of the merit of Petitioners' cause.

When Petitioners demanded to know whether or not he (Fisher) still intended to represent them in the other cases, this attorney admitted that "they (Bar) would not allow it." But he "would follow through on the Dickey appeal."

No. 75-1232 (John F. Carter et al. vs. SEC et al.) First Circuit Court of Appeals denied Petitioners' Motion to file a new petition for review. Appendix I. Of special interest here is that Petitioners were led to believe that No. 75-1232 was still pending and that the Court of Appeals was waiting the outcome of the companion cases. Since, the Petitioners had conformed with the courts order of October 1, 1975 by signing an affidavit for attorney Fisher's release, whereupon Fisher had stated to Carter that "they would never stand for it" meaning and intending that the court of appeals would never allow Petitioners to attack the probity of the Respondent SEC employees. Petitioners were told that said affidavit was filed. However, while preparing these cases for request for writ of certiorari

Petitioners sought copies of the docket of No. 75-1232 (May 14, 1976). Carter was told, "it was out", since he had received that same reply before while checking on the status of this case the Petitioner insisted on seeing some verification on the disposition of said case. Petitioner had access to the file which did not contain the docket. Whereupon the Petitioner was given the court's general docket book which contained the docket that petitioner had requested on other occasions. Upon reviewing said docket Petitioner noticed that an order had been entered November 6, 1975, dismissing Petition for Review for failure to comply with this court's order of October 1, 1975, "Notices mailed". Upon reviewing the file (No. 75-1232) it was noted that it did not contain a copy of the affidavit or the November 6, 1975 order.

In view of the overriding circumstances and Petitioners' losses of their unique group companies and their strategies valued in the many millions of dollars and the supporting evidence regarding Petitioners' claims of a "Regulatory Takeover" the Court of Appeals November 6, 1975 Order is very difficult to understand.

The Court of Appeals upheld the Caffrey decision on the basis of an SEC order that was "clearly erroneous." A timely motion for rehearing was filed. Appendix H. And later denied.

After being denied legal services by the Organized Bar for a period of one year Carter on August 21, 1975 brought suit against the American Bar Association (ABA) and the Wall Street Journal (TWSJ). Appendix DD-8 As a result of an announcement (February 1974) by Respondent TWSJ Petitioners contacted Mr. Frederick Taylor, managing editor for the Respondent. Petitioners informed Taylor that they had filed a lawsuit against



Edward Delaney and that the Respondent SEC ordered hearings were in retaliation for Petitioners' lawsuit. Whereupon Taylor assured Petitioners that he would not print any future adverse remarks in this matter without giving Petitioners equal time to refute the allegations, since, Petitioners had produced sufficient documentation and further had visited Respondent TWSJ subsidiary Barrons, on the basis that Barrons would do a story regarding the strange and irregular investigation conducted by the Respondent SEC's Boston office.

On August 9, 1975 Petitioners were notified by the Respondent SEC of "sanctions" by default. Because of said notification Petitioners and others, including a 24-hour answering service, manned the telephones in anticipation of a phone call from the Respondent TWSJ. Despite Respondents many assurances and the overwhelming documentation Petitioners presented at meetings with the Respondent and the Respondent's awareness of the pending litigation regarding the Respondent SEC employees, an article was released stating, "Mr. Carter couldn't be reached for comment."

That Respondent TWSJ deliberately and intentionally defamed the Petitioners by its 8/13/74 release cannot be disputed, however, it should be further noted that Respondent "styled the release" within another article so as to further confuse and deceive Petitioners, since, the Respondent realized that said article would be circulated to Petitioners' accounts and to the business community by the Respondent SEC employees in retaliation for Petitioners' letter writing campaign exposing a most unusual investigation of Carter and Carter-controlled companies.

Petitioners have further alleged in their complaint that Respondent TWSJ was not interested

in fulfilling its obligation to the public, "who have a right to know", but chose instead to persecute and violate the Petitioners' civil rights for attempting to participate in the Free Enterprise System". Motions were later filed for Speedy Completion of Pleadings and Trial. Appendix EE<sup>1</sup> Petitioners also filed Motions - to Consolidate a Related Case - Amend and Supplement Bill of Complaint. Appendix FF.<sup>1-3</sup>

Petitioners received January 28, 1976 Court Order for Pre-Trial conference to be held April 8, 1976. Appendix F<sup>1-4</sup>

Petitioners filed - Motion to Amend Bill of Complaint. (denied) - Motion to Add Third Party Defendant and Third Party Complaint (denied) - Motion for Order Compelling Discovery (denied) - Motion for Order to rescind Court Order compelling non-lawyer Carter to attend a Pre-Trial Conference (denied) - Motion for Order of Reference regarding Court's March 26, 1976 denial of Defendant Carter's Motions (denied) - Motion for Extension of Time to File Pre-Trial Memorandum and postponement of Trial Date. (allowed). Upon notifying the Trial Court that this case was being made part of a Writ of Certiorari Petitioners received Plaintiff's Motion to remove default and for leave to file Pre-Trial Memorandum late. (allowed). Defendant Carter's Motions (denied). Motion to stay action (denied).

All motions were denied by the court at a March 26, 1976 recorded hearing. After approximately four minutes into the argument Carter while discussing the role of Edward Delaney, Assistant Regional Administrator of Respondent SEC Boston Office and Bowditch & Lane, Petitioners' former counsel, was interrupted by the court. The Court then made the following statement: The Court, "Where's your lawyer?" The Court, "Are you represented by counsel?" The Court, "All

Motions are denied."

On March 29, 1976 Petitioner Carter filed a second request (the original was filed March 16, 1976) Plaintiff's Motion for Consolidation for Trial of No. 74-2263-S and this case. In which Carter stated, "However, the court has ordered Defendant Carter to file a Pre-Trial Memorandum thus forcing non-lawyer Carter to assist the opposition in preparing their case. Since, the Appeals Court has not rules on 75-1178 (Dickey v. Carter) and this court has not ruled on Plaintiff's Motion to Amend (74-4040-S, Appendix D), Bill of Complaint thus affecting a Supreme Court appeal and since civil action no. 74-4040-S is the pivotal case the strategy and importance of winning this case unfolds.

While Plaintiff realizes his actions have upset "members of the club" it is hoped that this court will take into consideration Nemo Prudens Punit ut Praeterita revocentur, sed ut futura praeveniantur, (No prudent person punishes in order that past trasnactions may be revoked, but he does so in order that future acts may be prevented).

It has been said that courts exist to promote justice and thus to serve the public interest. in the case at Bar the Plaintiff is being denied legal services by the Organized Bar and failure to consolidate these cases with result in the Plaintiff attempting to prove to a hostile court that he is a victim of a conspiracy without any of the conspirators present.

Due to the long standing difficulties that this Plaintiff has experienced with filings being misplaced, there can be no assurance that this Honorable Court will receive Plaintiff's Motion. However, should this Motion be received, it is respectfully requested that this Court approve Plaintiff's Motion (exhibit A) for Consolidation

for Trial of 74-2263-S and this case." Motion was denied.

The Court was well aware of the fact that Carter was appearing pro se at the March 26, 1976 hearing. It appears that Carter mentioned the wrong names. "The Court records will no doubt create an image of being benevolent and patient by granting the Petitioners a hearing."

However, by ordering Carter to file a Pre-Trial Memorandum the Trial Court chose to force non-lawyer Carter to plead his evidence and further assist the opposition in preparing their case against Petitioners. In view of Caffrey's decision (Appendix H) and the Court of Appeal's reluctance to overturn that decision it would appear that the trial Court in this case was seeking an "encore". But this Petitioner has reviewed the performance and doesn't feel that the trial court is entitled to an "encore", unless of course, the Trial Court is prepared to allow Petitioner to participate in the play by adding to the cast of actors.

Petitioner Carter has been defaulted for failing to comply with the Court's Order to file Pre-Trial Memorandum on or before May 11, 1976. However, upon reviewing Appendix F<sup>3</sup> it should be noted that the order is styled to give the impression that Petitioner Carter did not attend a scheduled trial. The Petitioner, a non-lawyer, objected to the Trial Court subjecting him to a Pre-Trial Order which is clearly designed to take advantage of non-lawyer Carter's lack of legal expertise and to allow the trial to proceed along restrictive and narrow guidelines thereby prohibiting the real issues from surfacing as evidenced by the Trial Court's denial of the Petitioners' Motions. Appendix F.1

It should be further noted that Petitioner



Carter is unable to obtain an appeal case number and has been forced to cite the District Court No. (74-215-T) regarding this matter.

Petitioners filed the following Motions in the companion cases:

C.A.No. 74-2263-S: John F. Carter et al. vs. J.M. DeGrazia et al.-Motion to Amend Bill of Complaint. (allowed); Motion to Consolidate related cases: C.A.Nos. 74-215-T, 74-2513-C and 74-2514-M with 74-2263-S. (denied).

Despite the substantial documentation supporting allegations of fraud and conspiracy involving the same parties and issues and Petitioners' distressing financial situation, all motions to consolidate were denied thus forcing non-lawyer Carter into the unenviable position of attempting to prove a conspiracy without the conspirators present.

Caesars Palace Secur. Litigation (1973, DC NY), 360 F. Supp. 366; Schultz v. Manufacturers and Traders Trust Co. (1939, DC NY) 29 F. Supp. 37.

C.A. No. 74-2513-C: Johnson v. Carter  
Motion to Add Third Party Defendant and Third Party Complaint (By Order of Reference allowed) - Motion to Amend Bill of Complaint (allowed) - Motion to Add Third Party Defendant Bowditch & Lane (large and influential law firm) and Summons has been filed twice. Each filing has been misplaced.

C.A.No. 74-2514-M: Cariglia v. Carter  
Motion to Add Third Party Defendant and Third Party Complaint (pending) - Motion to Amend Bill of Complaint (pending).

C.A.No. 75-4583-M: John F. Carter v. Town of Dudley et al. - Motion to Amend Bill of Complaint (pending) - Motion to Add Party Defendant and Summons (pending).

On March 31, 1976 Petitioners received judgment of dismissal and all pending Motions regarding Carter v. ABA et al. (Appendix A,B,C,) and

judgment of dismissal regarding Carter et al, v. SEC (Appendix D, E). Upon reviewing said motions it was noticed that the Trial Court had intended to proceed with Appendix D2 by allowing and dating said Motions on March 28, 1976. However, the action and all motions were later vacated and dated March 29, 1976. Appendix E.

Petitioners have appealed the Trial Court's decision to the First Circuit Court of Appeals, also requesting consolidation by Motion (denied). Petitioners' Motion for Stay Action has been denied. Appendix G1

As a result of Petitioners' attempt to pursue the "equal justice for all" theory, the Petitioners are being persecuted by the legal bureaucracy and Organized Bar. Members of the Bar have instituted a campaign of groundless vexations and malicious prosecution against the Petitioners. Appendix GG1-7

During all of this period of time Petitioners have been subjected to the following acts of violence committed by the Respondents named herein.

Petitioner Carter and his family have been subjected to threats of murder, beatings and other violence. Carter's car has been damaged on seven separate occasions and Carter has been forced to carry a gun at all times for his personal protection. Carter has been followed and threatened by persons associated with the underworld. Carter has been warned by a New York Public Relations Head that "if you don't fear for your life, at least consider the lives of your children". Whereupon leaving home at night, a car would appear and park in front of Carter's home blinking headlights on and off in order to frighten Carter's children. Said car would disappear when Carter returned home only to have another car reappear when Carter left home.

Carter has lost his home, office building and other realty holdings and special agreement consulting contracts. Carter has been unemployed since October 1973 and due to an ongoing conspiracy has been unable to obtain a job interview since February 1974. Appendix EE<sup>1</sup>

Carter has been investigated and harassed by the Health, Education and Welfare Department, Attorney General's Office and the Courts. The Internal Revenue Service is conducting an ongoing weekly campaign of harassment (to include illegal visits to Carter's Home) all of which is designed to provoke Petitioner Carter into a ill-advised confrontation thereby allowing the Courts to take action.

As a result of an ongoing conspiracy Carter's mail is being monitored, opened and destroyed by the United States Postal Department. Appendix HH<sup>1-2</sup>

Petitioner Carter has informed local authorities regarding breaks and illegal entries at Carter's office where files, records and corporate books were taken under the guise of styled breaks. Although said breaks were investigated by authorities and damage was substantial said breaks were never recorded or made part of a permanent record. Appendix II<sup>1-3</sup>

The Attorney General's Office and District Attorney's Office refused to investigate Carter's charges regarding threats of murder and other acts of violence directed to Petitioners' witness, Riitta Cassidy. Telephone calls were made to said witness stating, "we will throw acid in your face", and on one occasion stones were placed on the trunk of witness Cassidy's car, followed by a telephone call stating, "see how easy it would be to put a bomb in your car." Said threats were designed to frighten and intimidate Riitta Cassidy since, she had witnessed the Respondents' illegal

acts. Appendix S<sup>1</sup> Despite a positive identification of the would-be assailants by said witness and threats occurring over a twelve-month period of time, the District Attorney's Office chose to send a detective from the Worcester Police Department who had neither jurisdictional authority to investigate nor Petitioners' witness' best interest to conduct said investigation.

Said detective further attempted to intimidate and coerce witness Cassidy by making the following remarks: "there isn't any sense in stirring up muddy waters by swearing out a complaint", further stating that, "if she (Cassidy) made out a complaint, he (detective) couldn't guarantee her safety", whereupon said detective said to Petitioner Carter, "you know these people not only have the ability to get radi's (tires) but they can get specific sizes", meaning and intending that their (assailants) connections with the underworld are so great that they could put their order in for anything.

Whereupon said detective concluded his two hour visit by stating that "he (detective) had talked to Billy, Respondent William R. Fulginiti, and Billy had assured him it would not happen again". Witness Cassidy and Petitioner Carter appeared in Worcester Central District Court before Assistant Clerk Francis Raymond, to swear out a complaint against Respondent William Fulginiti. The complaint was denied by attorney Raymond.

As a result of said threats witness Cassidy has suffered extreme mental anguish and severe medical complications. Appendix JJ<sup>1-2</sup>

Carter has lost his companies and salesmen located in various states and countries and the vast conceptual potential of the Group companies unique strategies.

Carter has lost an out of pocket cash



investment of over \$200,000.00 in the Group companies. Carter also worked without salary or fees for 3 1/2 years in forming the Group companies.

Due to an ongoing conspiracy by Respondents and others Carter has not only been black balled from the business community and unable to obtain credit from banks (despite the fact that Carter owns a seat on the BSE and is able to buy and sell stocks since he has never been charged with any violations by said exchange) but Carter has become socially unacceptable to neighbors, friends and relatives for fear of reprisals from Respondents and others for his actions. Appendix EE.

All of the above acts of terror and harassment on the part of the Respondents have caused an aura of invidious discriminating animus against Petitioners and are designed to intimidate Petitioner Carter into negotiations with the Respondents and others.

During all of this period of time the Respondents were able to "keep the lid on the conspiracy" by controlling the media. As evidenced by Petitioners inability to get into print and the cancellation of Petitioners from various Tv and radio talk shows. Appendix B, A1.

Of particular note here, the Petitioners, in an attempt to draw attention to the Respondents' acts, have gone so far as to defy Respondent SEC subpoena. However, the Respondent refused to accept the challenge and enforce said subpoena, preferring to negotiate this one via back door with law firms all too anxious to trade off Petitioners' interest for an opportunity to obligate this powerful government agency. Appendix KK.<sup>1</sup>

The Petitioner further states that he dis-

likes pretending to be what he is not - a lawyer - however, under the prevailing system he has no other choice. As a result of his actions the Petitioner is being denied equal justice by the courts and realizes the sheer futility of his cause in the lower courts. Consequently, the Petitioner is asking this court to issue a writ of certiorari and address itself to a matter of great public importance.

Are lawyers accountable to the courts for their actions? Or, are they above the law? The American People have a right to know this Court's answer with definite guidelines for all to follow. Petitioners further say that in the best interest of the public, only this great Court should answer this important question.

#### HOW FEDERAL QUESTIONS ARE PRESENTED

The Petitioner, a small businessman, after being refused in repeated attempts to engage counsel brought suit against the American Bar Association. Petitioner claimed not only specific violations by Respondent ABA of its Canons (Canon 1 EC 1-1) but also violations of his "property rights and due process of law" further alleging that the Respondents named herein, "acted under the color of law."

Respondent ABA is a professional association for lawyers. The lawyer from Antiquity to Modern Times defines a profession as "a group of men pursuing a learned art as a common calling in the spirit of public service no less a public service because it may incidentally be a means of livelihood".

There are approximately 316,000 lawyers practicing law in the United States. 236,000 in private practice and 80,000 lawyers working for

government and industry.

"The special information that lawyers derive from their studies ensures them a separate rank in society ... this notion of their superiority perpetually recurs to them in the practice of their profession: They are masters of a science which is necessary but which is not very generally known..." De Tocqueville.

Respondent, The Wall Street Journal (TWSJ) is the largest and only business daily newspaper having distribution throughout the United States. In order for TWSJ to maintain its monopoly in this area it must "manage the news" favorably in behalf of Respondent SEC since it (TWSJ) relies heavily on Respondent SEC for business data and stories.

In recent months Respondent SEC have made "subtle moves" to place the financial press under its regulation by emphasizing the necessity of the press to "accurately report and accurately interpret and accurately emphasize financial information", with the Respondent SEC assuming the power to interpret for the press what it deems accurate reporting, interpreting and emphasis.

Respondent Securities and Exchange Commission (SEC) is an independent, quasijudicial agency of the United States Government. It was organized on July 2, 1934 and is composed of five members; The principal responsibility of the Respondent is to provide protection for investors and the public in their securities transactions, although the laws administered by the Respondent today affect securities finance and business entities in general. In dealing with securities malpractices the Respondents vast powers go well beyond regulating the Securities Industry and further effect all corporations who own any form of an equity regardless of amount.

The Respondent SEC employs 380 attorneys with a normal attrition of 75 to 100 attorneys each year. Most of whom are retained by large corporate law firms to specialize in the lucrative practice of Securities Law. The Securities Business is the heart of the legal establishment.

Securities regulation is characterized by denial of the right to counsel, corruption of the independence of the Bar and the traditional professional standards of attorneys' obligations to their clients, a police state system of investigation and denial of a variety of other basic due process rights. Ohio State Law Journal (vol. 35, No. 2, 1974).

After experiencing numerous violations of due process in the course of an investigation conducted by Respondent SEC, Petitioners requested legal representation from Respondent ABA members. Despite clear guidelines set down by Respondent ABA in this area Petitioners were unable to obtain counsel.

That the Respondents and others have fashioned a regulatory umbrella under which they can stabilize and dominate an industry is attested to by the following:

The number of major regulatory agencies has doubled to 24 since 1965. Regulatory agencies now employ 105,000, up from 58,455. The cost to the American taxpayer has more than doubled. These unelected regulators now make more rules directly affecting people than do the elected members of the Congress.

It has been said that "competition when freed of government regulation and supported by anti-trust laws is the driving force of our economy." The net effect of governmental interference through a maze of innumerable regulatory rules and hidden



subsidies has been to remove competition from the so-called "Free Enterprise System".

Further resulting in inflation of costs to consumers; encouragement of inefficiency in critical sectors of the economy; the stifling of innovation; the corruption of the political and administrative processes by the regulated interests.

All of which have resulted in the majority of business profits in any given industry being generated by a small minority of companies in that industry. Further reducing opportunities and constitutional guarantees for small businessmen to participate in a free and open market.

Since the lawyer is the architect (and with his large corporate account, the chief beneficiary) of this "grand regulatory design" any attempt to dismantle this oppressive machinery is construed as an attempt to upset the balance of power enjoyed by this distinguished class of higher authority.

Such attempts prove to be futile because of the lawyers' special training, knowledge and control of the judicial processes. In those instances when courageous lawyers have attempted to correct the inequities of an unjust and contrived system they have experienced reprisals; retributions and other sanctions meted out through a maze of Canons and other rules of the Respondent ABA and State Bar Associations. Said Associations are usually controlled by large and influential law firms and the Respondent's Canons and Rules are designed to keep a tight reign on the unconstitutional monopoly presently enjoyed by Respondent ABA members. A monopoly that extends itself to this Court where the very existence of Respondent ABA veto power over the Supreme Court candidates unaccompanied by any

responsibility to the public, invites abuse,

The true underlying cause for all of the actions taken against Petitioners by the Respondents and others was the fact that Petitioner sought to participate in the free enterprise system by making specific lawyers accountable to the Courts for their illegal actions.

The public is being told by Respondent ABA that the system works. However, the Petitioners experience indicate that members of the Bar are not only reluctant to take their chances with the judicial system but are mentally unprepared to do so. The legal profession is guilty of violating its trust to the public and acting without conscience in this matter. Everyone is entitled to the services of a lawyer even those clients who wish to sue lawyers.

As officers of the Courts and ministers in the temple of justice the Respondent ABA members enjoy special privileges causing a further commitment of high trust to be placed on Respondent ABA members against abuses resulting from these special privileges by an unprotected public.

It has been said that "too much power tends to corrupt men, no matter how highly regarded, no matter what political party they belong to, no matter how eloquent they may be on the matter of fundamental human rights and constitutional restraints."

Common sense and logic dictate that we be an open society with fair and equal treatment of the law accorded to all citizens. For any group of power brokers to allude that they enjoy special immunities from the law is frivolous but when officers of the Courts allude to such sovereign fantasies it is both frivolous and dangerous.

The fact that Petitioners experienced a complete breakdown of the legal system because they sought to sue lawyers is justification for review by this Court, however, the fact that there are no known remedies to guarantee prosecution (for an unprotected public) from illegal actions of those who control our Legal and Judicial System should be of even greater concern and justification for review by this Court.

Therefore, the Petitioners are asking this Court to make a heretofore unanswered major decision regarding the unchecked monopolistic powers of Respondent American Bar Association and its members.

Also, the Petitioners are asking this Court to make decisions regarding the monopoly enjoyed by Respondent The Wall Street Journal as the country's only nationwide business daily newspaper.

The purpose of the Securities Act of 1933 is to protect the public by requiring that it be furnished with adequate information upon which to make investments. Securities and Exchange Commission v. Chinese Consol. Benev. Ass'n, (1941, CA 2 NY) 120 F. 2d 738, cert.den. 314 U.S. 618, 86 L. Ed. 497, 62 S. Ct. 106.

Petitioners state that traditionally Mutual Funds have circumvented full disclosure laws to investors and salesmen. The Petitioners' concept (Appendix K) made it possible for the small investor in the \$5,000 to \$50,000 range to receive individual attention by an analyst personally structuring the account so that the investor received a full disclosure and a written analysis of each stock being purchased for his account. Also, the trading commissions from the account were paid to the clients' salesmen so that the client could be assured of continuing service.

Since, the fees involved were modest, 1% to 2%, per account the Petitioners' concept enjoyed a high degree of success.

The Respondent SEC enacted by the Congress to protect the investing public from securities malpractices is guilty of putting an end to a concept that would have benefited the small investor. All of which was done by Respondent SEC in behalf of the Mutual Fund Industry at the expense of the investing public.

Petitioners further state that there is a tendency for securities analysts and investors, to fallaciously believe any issue ruled on or passed by the Respondent SEC is above further inspection and investigation. "people rarely look beyond the facade". We have only to look at the equity funding ordeal to discover how dangerous that assumption can be; "and even here, it was not the Respondent but a private individual who uncovered the fraud." Frauds are bound to occur and they should be dealt with in the same manner as any other crime. Fraud cannot be prevented by prior regulation.

It has been said that administrative law "is a monstrous cancer in the system of American Justice". It is inconsistent with American Justice for these so-called courts to seriously hand down edicts, rulings and sentences. The only system that can ever be successful is one that is held to be decent and just by those whom it governs. The Respondent SEC and its administrative law courts are not just in anyone's eyes. They are unjustly arbitrary. They can never accomplish anything but counterproductivity to the entire securities marketplace.

Finally, regulation of business decisions by Respondent SEC inevitably increases the power of the state and reduces the autonomy of individual



citizens, The centralization of power - the power to decide what products will or will not be offered and by whom - the power to prosecute for violations of innumerable regulations - the power to prescribe how people must treat one another in the most delicate human relationships - carries with it serious dangers to a democratic society; abuse of power, the sapping of private initiative and energy, the creation of a dependent and insecure citizenry.

Therefore, in view of existing Blue Sky Laws and Anti Trust Laws protecting the free enterprise system and the counterproductivity created by the "Regulatory Umbrella". The Petitioners are asking this Court to return the securities market back to the principles of laissez faire by making a major decision regarding the constitutionality of Respondent United States Securities and Exchange Commission's right to have such broad and arbitrary powers over an industry, and or, the constitutionality of Respondent United States Securities and Exchange Commission's right to regulate competition? and or, the constitutionality of Respondent United States Securities and Exchange Commission's right to conduct administrative law proceedings in a free and open society? and or, the constitutionality of Respondent United States Securities and Exchange Commission's employees right to immunities from flagrant and excessive abuses of personal and property rights to others while conducting an investigation.

Petitioners further state that the decisions of all the Respondents, named herein, have an outreach affecting all Americans,

#### WHY WRIT SHOULD BE GRANTED

A WRIT OF CERTIORARI TO REVIEW THESE CASES NOW PENDING IN THE UNITED STATES FIRST CIRCUIT COURT OF APPEALS SHOULD BE GRANTED ON THE BASIS THAT THE HERETOFORE UNANSWERED QUESTIONS ARE OF GREAT PUBLIC IMPORTANCE SINCE THEY INVOLVE THE MONOPOLISTIC POWERS OF THE ORGANIZED BAR.

It has been said that persons are entitled to property rights under the Fourteenth Amendment to the United States Constitution, and that Respondents acting "under the color or law or custom" who interfere with these rights are subject to a civil action under 42 U.S.C. § 1983. Harrison v. Brooks, 446 F. 2d 404 (1st Cir. 1971); Atlanta Bowling Center Inc. v. Allen, 389 F. 2d 713, 715n (5th Cir. 1961); Adams v. Park Ridge, 293 F. 2d 585 (7th Cir. 1961); Cobb v. Malden, 202 F. 2d 701 (1st Cir. 1953). Courts will also recognize the propriety of 42 U.S.C. 1983 action when public officials wrongfully stop the operations of a citizen's business. Balistrieri v. Warren, 314 F. Supp. 824 (D. Wis. 1970); Antieau, supra § 76.1; Barnes v. Merritt, (1967, CA5 Ga) 376 F. 2d 8; Hornsby v. Allen, (1964, CA5 Ga) 326 F. 2d 605, reh. den. 330 F. 2d. 55; Mansell v. Saunders, (1967, CA5 Fla) 372 F. 2d. 573. Respondents have forced Petitioners out of business under color of law, without legal justification or excuse, thus depriving Petitioners of their property without due process of law as prohibited by the Fifth and Fourteenth Amendments to the United States Constitution. This Court has held that property rights are as protectable under the civil rights as personal liberties. Lynch v. Household Finance Corp., 405 U.S. 538, 31 L. Ed. 2d 424, 92 S. Ct. 1113, reh. den. 406 U.S. 911, 21 L. Ed. 822, 92 S. Ct. 1611 (1972); Scoggin v. Schruuk, 344 F. Supp. 463, (D. Or. 1971); Collins v. Viceroy Hotel Corp.

338 F. Supp. 390 (D. Ill. 1972); Musselman v. Spies, 343 F. Supp. 528 (D. Pa 1972), Antieau, supra § 68.

"THE TRIAL COURT ERRED IN STATING THAT THEY COULD NOT REVIEW ORDERS OF RESPONDENT UNITED STATES SECURITIES AND EXCHANGE COMMISSION" Appendix D

While Congress has specified a procedure for judicial review of administrative action courts will make nonstatutory remedies available when there is a showing of "patent violation of agency authority or manifest infringement of substantial rights irremediable by the statutorily prescribed method of review." Nader v. Volpe, 446 F. 2d 261 266 (C.A.D.C., 1972). None of the criminal acts of the Respondents named herein, can be remedied by the statutorily prescribed method of review. Petitioners further state that their lack of legal expertise and the open hostilities of an aroused bureaucracy have made appellate procedures provided by statute inappropriate.

Could the Trial Court have realistically ignored the substantial and clear violations of Petitioners' rights. International Waste Controls Inc. v. Securities and Exchange Commission, (1973 DC, NY) 362 F. Supp. 117, aff'd (CA 2 NY) 485 F. 2d 1238. In view of the overwhelming documentation presented to the trial court by the Petitioners and the court's allowing Petitioners' Motions March 28, 1976 and then later denying said Motions March 29, 1976 (Appendix E<sup>1</sup>E). The Trial Court's actions seem strange indeed. But even stranger is the Court of Appeals refusal to consolidate (Appendix A, D ) further prohibiting the true color of the cases and their appeal to this Court.

Petitioners also claim that 15 USC § 78 (y) should be abolished because it encouraged the following abuses by Respondent United States Securities and Exchange Commission; Subpoenas were served to Petitioners and Petitioners'

stockholders without prior notice that they were the target of an investigation and were deliberately mislead to believe they were not in the limelight of such attention. Petitioners' stockholders were interrogated without being given advance knowledge of the contents of the order instituting the investigation against them thereby being deprived of a opportunity to prepare an adequate defense and increase the likelihood of being trapped into making damaging errors in the course of the investigation. Unlike a court of judicial law Petitioners and Petitioners stockholders were subpoenaed as many as three and four times and questioned at length at hearings conducted by staff members who combine the roles of investigator, prosecutor and judge. Petitioners were also confronted with the serious problem of pre-judicial publicity. Staff members were particularly insensitive to ruining Petitioners' reputation by inconsiderate and vindictive investigatory tactics.

Petitioners further state that until such time as the full force of the judicial processes are felt and individuals "recognized" by a trial court and jury for their deeds, the Respondent United States Securities and Exchange Commission and its employees will continue to usurp the constitutional rights of Small Businessmen through "negotiations conducted in Legalis in the safe confines of a court of Appeals". Appendix G,I

"THE COURT OF APPEALS ERRED BY AFFIRMING THE DISTRICT COURT'S JUDGMENT". Appendix H

Unable to substantiate the Caffrey Opinion on the facts, Nemo Ex Proprio Dolo Consequitur Actionem (No One By His Own Fraud Or Wrong Acquires A Right Of Action), Wright v. Orange & Passaic Valley Railway Co. 77 NJL 774, 73 A 517, the Court of Appeals "managed" to save face for Chief Justice Caffrey by going into an SEC order



-which not only would have been inadmissible had the Petitioners the advantage of counsel but said order is clearly erroneous and the object of a law suit. Appendix D .

The Court of Appeals erred for the following reasons:

The Court of Appeals was aware that Respondent Dickey had received a copy of the Circular Offering with financial updates to include personal transactions of Petitioner Carter (transcript) and the court was aware of Dickey's sophistication (Appendix M<sup>2</sup>, N<sup>1-4</sup>) and ability to fend for himself. Garfield v. Strain, (1963, CA 10 Colo) 320 F. 2d 116; Woodward v. Wright, (1959, CA 10 Okla) 266 F. 2d 108. And since, the transaction in dispute was initiated by Respondent Dickey (transcript) and consummated through direct negotiations between Respondent Dickey and Petitioner Carter, it falls well within the meaning of a private offering. Vicioso v. Watson, (1971 DC Cal.) 325 F. Supp. 1071. As evidenced by no less an authority than the SEC, since they approved the transaction. Appendix N<sup>3</sup>

However, the Court of Appeals undeterred by their inability to obtain an untrue statement of material fact so as to support the major issue in this appeal, (whether there was sufficient evidence in the record substantiating the District Court's findings that the sale in question falls within the Ambit of §12(2) of the Securities Act of 1933, 15 U.S.C.S. § 77 (1),) then made the decision to Deny Petition for Re-Hearing. Appendix M<sup>5-7</sup>

Of particular interest here is that Petitioner Carter visited the Clerk's office for the Court of Appeals on May 14, 1976 to obtain copies of the docket in this case and the related matters. While working on this appeal it was noticed that the docket copies received, Appendix H<sup>3</sup> did not contain the final disposition of this case, (Motion Pending for Petition for Re-Hearing). Whereupon Petitioner called (May 20, 1976) and

talked with Ms. Renee Favorito, a clerk at the Appeals Office. Upon asking said clerk the disposition of this case, Petitioner was told the following: A Memorandum and Order Denying Motion for Petition for Re-Hearing was entered March 3, 1976. Since, Petitioner had not received a copy of said order and none was contained in the file, he was totally unaware of this latest development, as reflected by remarks contained in the Statement of The Case.

By the Court of Appeals' actions in this matter they have taken every one off the hook. While it is a very poorly written play the evidence and actions of the actors, producers and directors indicate they will continue to film this "B Grade Movie."

"DID THE FIRST CIRCUIT COURT OF APPEALS ERR IN DISMISSING PETITION FOR REVIEW?" Appendix I

Under 15 U.S.C.S. 78 y (a) factual findings of commission, if supported by substantial evidence are conclusive, thereby effectively limiting scope of review by courts to question of substantial evidence. Capital Foods Inc. v. SEC, (1965, CA 8 Ark.) 348 F. 2d. 582.

The function of the Court of Appeals is to determine whether or not the commission has, in the instant case, exceeded bounds of its remedial authority and for the court to discharge this duty, it is necessary for the commission to articulate reasons for their proposed sanctions. Beck v. SEC, (1969, CA 6 Ohio) 413 F. 2d 832, later app. (CA 6) 430 F. 2d 673).

The Petitioners are unaware of any transcript or file containing any material evidence to substantiate the Respondent SEC findings. Norris & Hirshberg Inc. v. SEC, (1947) 82 App. DC 32, 163 F. 2d 689, cert. den. 333 U.S. 867, 92 L. Ed. 1145, 68 S. Ct. 788. Certainly none is contained in the file.

Since, the Court of Appeals is not required to recognize any special expertise the commission may claim to possess - Where plain issue was whether Petitioners charged with securities violations or his accusers told the truth. Klopp v. SEC, (1970, CA 6) 427 F. 2d 455. And if the purpose of the Securities Act is to truly protect the public with least possible interference to an honest business, Colonial Realty Corp. v. Brunswick Corp. (1966, DC NY) 257 F. Supp. 875. Tcherepnin v. Knight (1967) 389, US 332, 19 L. Ed 564, 88 S. Ct. 548.

What then did the Court of Appeals base its order on?

This action on the part of the First Circuit Court of Appeals was unconscionable. Since, the court was well aware of the unusual circumstances regarding this matter and the resulting substantial infringement of personal and property rights to Petitioners.

Canons of Judicial Ethics; 22 Review:

"In order that a litigant may secure the full benefit of the right of review accorded to him by law, a trial judge should scrupulously grant to the defeated party opportunity to present the questions arising upon the trial exactly as they arose, were presented, and decided, by full and fair bill of exceptions or otherwise; any failure in this regard on the part of the judge is peculiarly worthy of condemnation because the wrong done may be irremediable."

Petitioners further state that this court should give little weight to position taken by SEC in litigation where the commission views are flatly in contradiction with their recent releases. United Housing Foundation Inc. v. Forman, (1975, US) 44 L. Ed. 2d. 621, 95 S. Ct. 2051 ).  
Appendix T

"DID THE TRIAL COURT ERR BY DEFAULTING PETITIONER CARTER"? Appendix F.

The Petitioner who did not participate in the

sales presentation did make available to Respondent McGee and his representative (Appendix S all pertinent financial data regarding the Respondent's investment.

At the time of the transaction in question (June 1972) Services was preparing an application for a Regulation "a" Offering, the Respondent not only received copies of this financial data but also received periodical updates on the registration to include circular offering and other pertinent data regarding the personal financial resume of other transactions by Petitioner Carter. Gilligan, Will & Co. v. SEC, (1959, CA2) 267 F. 2d 461, cert. den. 361 U.S. 896, 4 L. Ed. 2d 152, 80 S. Ct. 200; U.S. v. Hill, (1969, DC Conn.) 298 F. Supp. 1221.

Respondent McGee further acknowledged having received a full and fair disclosure by stating the same in his letter (Appendix T<sup>1</sup>). Said letter was written one year after signing an escrow agreement (Appendix N<sup>2</sup>); The Trial Court having received documentation substantiating all of the above.

Since, the Securities Act is essentially directed at fraud and not against mere negligence of errors in judgment; Hecht v. Harris, Upham & Co., (1968, DC Cal.) 283 F. Supp. 417, mod. on other grounds (CA 9 Cal) 430 F. 2d 1202, and since, Respondent McGee and his representative Gendron surely qualified as "sophisticated" and "knowledgeable investors" as evidenced by their roles in taking over Petitioner Carter's companies (Appendix Q, R, T) and The only other investor of Services was Dickey (Appendix H) a partner of McGee's in the taking over of Petitioners' companies. Appendix R

And in view of all the other facts surrounding this matter certainly, nowhere in the trial court's file or in anyone's legal imagination could the offering be construed as anything but private. Hill York Corp. v. American International-



al Franchises Inc. (1971, CA f Fla) 448 F. 2d. 680; Hirtenstein v. Tenney (1966, DC NY) 252 F. Supp. 827, all of which further prohibited Respondent McGee from any claim - "No One By His Own Fraud Or Wrong Acquires A Right Of Action.-"

"DID THE TRIAL COURT ERR BY DISMISSING PETITIONERS MOTIONS?" Appendix F

However, on January 28, 1976 Petitioner received a Court Order for Pre-Trial Conference to be held on April 8, 1976 at 10:00 A.M. Appendix F<sup>2</sup>

Whereupon the Petitioners filed Motions to Amend Bill of Complaint - Add Third Party Defendant and Third Party Complaint - further noting for the court that although his amendment was filed over a year after answers had been filed none of the proposed amendments would change the general claims or claims asserted by Petitioner. Hisshon v. Mine Safety Appliances Co. (DC Pa) 101 F. Supp/ 549, aff'd 193 F. 2d 489, nor would it delay or frustrate any determination of the case. DeFranco v. U.S. (DC Cal) 18 Fed. R. Dec. 156.

Actually, it was both the duty and right of the trial court to amend Petitioners pleadings to conform with the actual issues upon which the case is to be tried. Maruska v. Maruska (OCA 7) 155 F. 2d 302. On the basis that Petitioner had demonstrated there is evidence (Appendix R even though pleadings have not been amended to conform with said evidence. Underwriters Salvage Co. v. Davis & Shaw Furniture Co. (CA 10) 198 F. 2d 450, aff'd 96 F. Supp. 963.

Since rules 19, 20 and 21 of the Federal Rules of Civil Procedure express great liberality towards entertaining the broadest possible scope of action, joinder of claims and parties is strongly encouraged. A party should be able to join all claims he has against his opponent as a

matter of course to avoid multiplicity of litigation and of possible claims of res adjudicata at a later date. Lanier Business Products v. Gramar Co. 342 F. Supp. 1200 (DC Md 1972)

It has been consistently held that all logically related events entitling a person to institute legal action against another generally are regarded as compromising a "transaction or occurrence" for the purposes of ascertaining whether a particular factual situation constitutes a single transaction or occurrence for the purpose of the rule permitting joinder of parties. All reasonably related claims for relief by or against different parties may be tried in a single proceeding and absolute identity of all evidence is unnecessary. Mosley v. General Motors Corp. 497 F. 2d 1330 (8th Cir. 1974); U.S. v. Carolina Warehouse Co., Inc. (DC SC) 4 Fed. R. Dec. 291.

While the trial court was denying Carter's Motions (at the March 26, 1976 hearing) to include a Motion for Order compelling Discovery of Petitioners' former company and now Respondent McGee's company (appendix R ). (Rule 34 should be liberally construed, if the documents called for are reasonable and probable to be material in the case, the production and inspection of them should be allowed. June v. George C. Peterson Co. (OCA 7), 155 F. 2d 963) so as to accomplish full disclosure of facts and eliminate surprise and promote settlement, Clowe v. Chesapeake & Ohio Railway Co. (DC Mich) 29 Fed. R. Dec. 148, the trial court was attempting to club Carter into disclosures and admissions, Padavani v. Bruchhausen, (1961, CA 2 NY) 293 F.2d 546.

Since the function of rules 16 and 34 are to provide the maximum of controversy and disclosure so as to prevent the element of surprise, the trial court's actions could only be viewed as creating a manifest injustice to Petitioner. U.S. v. An Article of Drug etc. (1962, DC NJ) 207 F. Supp. 758; Walker v. West Coast Fast

Freight Inc. (1956, CA 9 Or.) 233 F. 2d 939; Manbeck v. Ostrowski, (1967) 128 App. DCI, 384 F. 2d 970, 11 ALR Fed. 771, cert. den. 390 U.S. 966 19 L. Ed. 2d 1170, 88 S. Ct. 1077; Ely v. Reading Co., (1970, CA 3 Pa) 424 F. 2d. 758.

The Trial Court's strategy was all too apparent; By forcing non-lawyer Carter to perform in a highly technical and controlled area the Trial Court was further restricting Due Process guarantees to Petitioner by limiting and framing the issues so as to take the place of the Third Party Defendants' pleadings, Basista v. Weir, (1965, CA 3 Pa) 340 F. 2d 74, and further forcing Petitioner to plead his evidence, Hoffman v. Wair, (DC) 193 F. Supp. 727, a tactic which could only be interpreted as unfair (ad nauseam) and further protectionism for the Respondents, named herein, who have damaged both personal and property rights of Petitioners. Canons of Judicial Ethics, 5. Essential Conduct: "A judge should be temperate, attentive, patient, impartial and, since, he is to administer the law and apply it to the facts, he should be studious of the principles of the law and diligent in endeavoring to ascertain the facts."

#### DID THE TRIAL COURT ERR REGARDING IMMUNITIES?

##### Appendix E, FF

It has also been said that action by federal personnel in conjunction with state officials, or conspiracies by federal and state personnel, brings the federal officers within the jurisdiction of 42 U.S.C. 1983, so that their usual and customary immunity from suit is not available to them as a defense to the action. Kletschka v. Driver, 411 F. 2d 436 (2d Cir. 1969); Antieau, supra § 38. "There is no satisfactory proof that Congress ever intended to permit any immunities and this court should be very hesitant about leaving covered civil rights unprotected by an expanded immunity theory." As to public servants generally a recent case held that: "It is clear

that the protection of Section 1983 extends to the unauthorized abuse of authority to public officials." Azar v. Conley, 456 F. 2d 1382, 1389 (6th Cir. 1972); Antieau, supra § 32.

It has also been held that even officials exercising discretion will be liable if their acts were performed in bad faith, O'Brien v. Galloway, 362 F. Supp. 901 (D. Del 1973); James v. Ogilvie, 310 F. Supp. 661, 663 (D. Ill. 1970); Hampton v. Chicago, 484 F. 2d 602, 607 (7th Cir. 1973); Antieau, supra §§ 39, 44, and that prosecutors are liable to 42 U.S.C. § 1983 and § 1985 actions when they act outside the scope of their jurisdiction, Littleton v. Berbling, 468 F. 2d 389 (7th Cir. 1972); Antieau, supra § 40, and when they take actions of a "police-investigative" or other similar nature, such as ordering law enforcement officers to coerce a witness to drop charges, (Appendix JJ ) and further depriving Petitioners of constitutional rights. Ames v. Vavrek, 356 F. Supp. 931 (D. Minn. 1973); Donovan v. Reinhold, 433 F. 2d 738 (9th Cir. 1970); Madison v. Purdy, 410 F. 2d 99 (5th Cir. 1969), app. on remand; Madison v. Gerstein, 440 F. 2d 338 (5th Cir. 1971); Lewis v. Brautigam 227 F. 2d 124, 55 ALR 2d 505 (5th Cir. 1955); Balistreri v. Warren, 314 F. Supp. 824, (D. Wis. 1970); Robichaud v. Ronan, 351 F. 2d 533 (9th Cir. 1965); Hampton v. Chicago, supra, Antieau supra § 40; Scolnick v. Winston, (1963, DC NY) 219 F. Supp. 836, sff'd Scolnick v. Lefkowitz, (CA 2) 329 F. 2d 715, cert. den. 379 US 825, 13 L. Ed. 2d 35, 85 S. Ct. 49.

"THE TRIAL COURT ERRED IN DISMISSING RESPONDENTS AMERICAN BAR ASSOCIATION ET AL. COMPLAINT FOR LACK OF SUBJECT MATTER JURISDICTION AND FAILURE OF THE COMPLAINT TO STATE A CLAIM UPON WHICH RELIEF MAY BE GRANTED". Appendix A

Could the trial court have seriously taken the position that the Respondent ABA and its



members' denial of legal services to Petitioners did not create a claim upon which relief may be granted? Or, did the trial court feel that the Petitioners could easily purchase "the legal services" somewhere else? Or possibly, the court does not feel that the Respondent ABA is responsible for the actions taken by its members.

THE TRIAL COURT ERRED FOR THE FOLLOWING REASONS:

The Respondent ABA has devised a unique monopoly over its members through the use of its Canons thereby enabling the Respondent to control its members actions at all times.

Should the members violate the Respondents Canons they may be barred or disciplined by the courts. "Codes of ethics adopted by bar Associations, of course, have no statutory force. They are indicative, however, of and reflect the attitude of the profession as a whole upon those courses of action which they frown upon and interdict and they are commonly regarded by bench and bar alike as wholesome standards of professional ethics. The practice of law is a profession and not a trade." Herman v. Acheson, 108 F. Supp. 723, 726 (1952); in re Annunziato's Est. 108 N.Y.S. 2d 101, 103 (1951), Surrogate Rubinstein of Kings Court, New York, said that the Canons are "entitled to the force of law." People v. McCallum 341, Ill. 578, 590 (1930); Hunter v. Troup, 315 Ill. 293 (1925); Matter of Cohen, 261 Mass. 484, 487 (1928).

The Respondent was aware of its members tactics, regarding suits against other lawyers, to Petitioners and others and Respondent could have prevented the persecution of Petitioners by providing said services.

The Respondent ABA is more than a mere spokesman and lobbyist for its members; it is a disciplinarian for the caretakers of our legal and judicial system having created a monopoly built on trust, and that the Respondents' members

actions are in violation of that trust.

Petitioners further state that since the trial court is empowered to interpret cases like this one involving the Constitution and laws of the United States, this decision can only be regarded as another attempt to keep the lid on by preventing the Petitioners from making a jury presentation regarding Respondent ABA and its members.

There is no reason, therefore, why this civil rights action should have been dismissed and why it would not lie against the Respondents, federal agents and others involved in the unlawful conspiracy and acts which have under the color of law, caused Petitioners to be deprived of their constitutional rights.

Also, in connection with proceedings instituted in state courts by prosecutors and state officers who have violated Petitioners civil rights, this Court held in a recent case that 42 U.S.C. § 1983 in an "expressly authorized" exception to 22 U.S.C. § 2283 and that in consequence federal courts, in 42 U.S.C. § 1983 actions can enjoin proceedings pending in the state courts. Mitchum v. Foster, 407, U.S. 225, 32 L. Ed. 705, 92 S. Ct. 2151 (1972); Antieau, supra § 76. This holding extends not only to state judicial proceedings but to state administrative proceedings as well. Gibson v. Berryhill, 411 U.S. 564, 36 L. Ed. 2d 488, 93 S. Ct. 1689 (1973); Antieau, supra, § 68. Clearly, also, all state judicial and administrative proceedings instituted by any of the Respondents herein and pending against the Petitioners should be stayed, and the Petitioners should be granted preliminary and permanent injunctive relief against further proceedings of that nature.

Besides Fifth and Fourteenth Amendment rights, embracing due process, equal protection and privileges and immunities of citizens, the civil rights acts protect rights owing their existence to federal functions as well as rights

created by federal statutes. Monroe v. Page, 365 U.S. 167, 5 L. Ed. 2d 492, 81 S. Ct. 473 (1961); Gage v. Commonwealth Edison Co., 356 F. Supp. 80 (D. Ill. 1972); Antieau, supra, § 44. Respondents have violated rights of the Petitioners in all of the above categories, including, but not limited to, conspiring and acting to prevent Petitioners from doing business in interstate commerce, Bailey v. Patterson, 369 U.S. 31, 5 L. Ed. 2d 512, 82 S. Ct. 549, (1962); Bladwin v. Morgan, 251 F. 2d 780 (5th Cir. 1958); Solomon v. Pennsylvania R. Co. 96 F. Supp. 709 (D. NY 1951); Moore v. Atlantic Coast Line R. Co., 98 F. Supp. 375 (D. Pa 1951); Antieau, supra §§ 70, 73, violating Petitioners First Amendment rights of freedom of assembly, Actionable under 42 U.S.C. 496, 83 L. Ed. 1423 59 S. Ct. 954 (1939); Hammond v. South Carolina State College, 272 F. Supp. 947 (D.S.C. 1967); Carmichael v. Allen, 257 F. Supp. 985 (D. Ga 1966) Antieau, supra § 44, freedom of association, Actionable under 42 U.S.C. § 1983. See NeSmith v. Alford, 318 F. 2d 110 (5th Cir. 1963) reh. den. 319 F. 2d 859, cert. den. 375 U.S. 975, 11 L. Ed. 2d 287 (7th Cir. 1968); Atkins v. Charlotte, 296 F. Supp. 1068 (D. N.C. 1969); Antieau, supra § 44, freedom to move freely and peaceably in public places, Actionable under 42 U.S.C. § 1983. See Nanez v. Ritger, 304 F. Supp. 354 (D. Wis. 1969); Decker v. Phillips, 306 F. Supp. 613 (D. Utah 1969); Antieau, supra, § 44, (Petitioners have been harassed by government and state agencies, Internal Revenue Service, Postal Department, Health, Education and Welfare Department, Attorney General's Office, District Attorney's Office, state and federal courts both corporately and privately) freedom from malicious prosecution, Actionable under 42 U.S.C. § 1983, See NeSmith v. Alford, supra, Rue v. Snyder, 249, F. Supp. 740, (D. Tenn. 1966); Muller v. Wachtel, 345 F. Supp. 160 (D. NY 1972); Antieau, supra § 56, and free-

dom from invasion of privacy, Actionable under 42 U.S.C. § 1983. Cf. Griswold v. Connecticut, 381 U.S. 479, 14 L. Ed. 2d 510, 85 S. Ct. 1678 (1965); York v. Story, 324 F. 2d 450 (9th Cir. 1963) cert. den. 376 U.S. 939, 11 L. Ed. 2d 659, 84 S. Ct. 794; Lankford v. Gelston, 364 F. 2d 197 (4th Cir. 1966); Antieau, supra § 72.

Due process and equal protection rights of the Petitioners have been violated as well. Monroe v. Pape, supra. Courts have held that a conspiracy to violate 42 U.S.C. § 1983 rights is not only maintainable under § 1983, but under 42 U.S.C. § 1985 (3) as well. Brinbaum v. Trussell, 371 F. 2d 672 (2d Cir. 1966); Antieau, supra § 98. "Specific intent" does not have to be made out under 42 U.S.C. § 1985 (3), only "invidiously discriminating animus". Griffin v. Breckenridge, 403 U.S. 88, 29 L. Ed. 338, 91 S. Ct. 1790 (1971); Azar v. Conley, 456 F. 2d 1382 (6th Cir. 1972); Antieau, supra § 96. Corporations, as well as natural persons, can use 42 U.S.C. § 1985 (3) to vindicate their due process, equal protection and statutory rights. Llano del Rio Co. v. Anderson-Post Hardware Lumber Co. 79 F. Supp. 382 (D. La 1948); Antieau, supra, § 101. Corporations, as well as natural persons, can vindicate their due process equal protection and statutory rights under 42 U.S.C. § 1983. Adams v. Park Ridge, 293, F. 2d 585, (7th Cir. 1961); McCoy v. Providence Journal Co., 190 F. 2d 760 (1st Cir. 1951), cert. den. 342 U.S. 894, 96 L. Ed. 669, 72 S. Ct. 200; Watchtower Bible and Tract Society v. Los Angeles County, 181 F. 2d 739 (9th Cir. 1950), cert. den. 340 U.S. 820, 95 L. Ed. 602, 71 S. Ct. 51, Antieau, supra § 31. The same situation exists under the jurisdictional statute, 28 U.S.C. § 1343. McCoy v. Providence Journal Co., Supra; Antieau, supra § 44. In this case, Respondents have been acting under "color of law". But even if they were not, private conspiracies not under the "color of law" are actionable under 42 U.S.C. § 1985 (3). Griffin



v. Breckenridge, 403, U.S. 88, 29, L. Ed. 2d, 338, 91 S.Ct. 1790 (1971); Azar v. Conley, 456 F. 2d 1382 (6th Cir. 1972); Gannon v. Acton, 303 F. Supp. 1240 (D. Mo. 1969), aff'd in part and remanded in part on other grounds 450 F. 2d 1227 (8th Cir.); Pennsylvania v. International Union of Operating Engineers, 347 F. Supp. 268 (D Pa 1972); Antieau, supra, § 102.

Even conspiracies by prosecuting officials are to be actionable under § 1985 (3). Scolnick v. Winston, 219 F. Supp. 836 (D. NY), aff'd Scolnick v. Lefkowitz, 329 F. 2d 716 (3d Cir.) cert. den. 379 U.S. 825, 13 L. Ed. 35, 85 S. Ct. 49; Lewis v. Brautigam, 227 F. 2d 124, 55 ALR 2d 505 (5th Cir. 1955). There is some authority contra. For a general discussion, see Antieau, supra § 103. The weight of authority recently seems to be tending toward refusing to grant immunity to prosecuting officials under 42 U.S.C. § 1985. Cf. Savage v. U.S. 450 F. 2d 449 (8th Cir. 1971), cert. den. 405 U.S. 1043, 31 L. Ed. 2d 585, 92 S. Ct. 1327, reh. den. 406 U.S. 951, 32 L. Ed. 2d 339, 92 S. Ct. 2048. Petitioners allege deprivation of, among other things, equal protection rights by Respondents, who conspired to injure Petitioners in their persons and property. Many acts were done in furtherance of the conspiracy, many of these acts being under color of law and authority. The acts in question, aimed at intimidating Petitioners and driving them out of business in the various jurisdictions involved in this case, deprived Petitioners of equal protection of the laws or equal privileges and immunities under the law, and evinced a purposeful intent to discriminate against Petitioners. The discrimination against the Petitioners has been severe, and has served to put Petitioners in a class that is being unjustly persecuted. Such a classification is valid and does not have to be derived from color, race or religion. Wakat v. Harlib, 253 F.2d 59, (7th Cir. 1958);

Antieau, supra, § 107. Damages, Condra v. Leslie & Clay Co., 101 F. Supp. 774 (D. Ky 1952); Antieau supra § 109, injunctive, (Condra v. Leslie & Clay Co., supra; Brewer v. Hoxie School District, 238 F. 2d 91 (8th Cir. 1956); Mizell v. North Broward Hospital District, 427 F. 2d 468 (5th Cir. 1970); Action v. Gannon, 450 F. 2d. 1227 (8th Cir. 1971); Freeman and Bass, P.A. v. New Jersey Com. of Investigation, 359 F. Supp. 1053 (D.N.J. 1973); Antieau, supra § 109, and declaratory, (Kletschka v. Driver, 411 F. 2d 436 (2d Cir. 1969); Antieau, supra, § 109), relief are available to Petitioners under 42 U.S.C. § 1985, just as they are available for Petitioners under 42 U.S.C. § 1983. Damages under 42 U.S.C. § 1983, both punitive and actual, see: Caperce v. Huntoon, 397 F. 2d. 799 (1st Cir. 1968), cert. den. 393 U.S. 940, 2d L. Ed. 2d 276, 89 S. Ct. 299. See cases collected in Antieau, supra, § 76. Injunctive relief under 42 U.S.C. § 1983, see: Dombrowski v. Pfister, 380 U.S. 479, 14 L. Ed. 2d 22, 85 S. Ct. 1116, (1965), and cases cited in Antieau, supra, § 77. For declaratory relief under 42 U.S.C. § 1983, see: Sweeney v. Louisville, 102 F. Supp. 525 (D.Ky 1951) aff'd, Muir v. Louisville Park Theatrical Assoc., 202 F. 2d 275 (6th Cir.) vacated on other grounds 347 U.S. 971, 98 L. Ed. 1112, 74 S. Ct. 783; Antieau, supra, § 79.

"THE TRIAL COURT ALSO ERRED IN DISMISSING PETITIONERS' MOTIONS TO AMEND AND SUPPLEMENT COMPLAINT SO AS TO ADD PARTY DEFENDANTS". App.B,C

Damages are also available to Petitioners in an action brought under 42 U.S.C. §1986, Antieau, supra, § 79, which finds liability against those who know that 42 U.S.C. § 1985 wrongs are about to be or are being committed, and who fail to stop or attempt to stop the wrongdoing. Rights protectable under 42 U.S.C. § 1986 are those that are protected by 42 U.S.C. § 1985, and must arise

under the Federal Constitution or laws. Miles v. Armstrong, 207 F. 2d 284 (7th Cir. 1953); Antieau, supra, § 112. Pf particular note in this case is that it has been said that the right to be free from a denial of equal protection in employment and business opportunities is protectable under 42 U.S.C. § 1985 (3). Lewis v. Grand Rapids, 222 F. Supp. 349 (D. Mich. 1963), rev'd on other grounds 356 F. 2d 276 (6th Cir.) cert. den. 385 U.S. 838, 17 L. Ed. 2d 71 87 S.Ct. 84; Burt v. New York, 56 F. 2d 791 (2d Cir. 1946); Antieau, supra, § 97. In actions under 42 U.S.C. § 1983, it is not necessary to plead that there is an amount in controversy sufficient to sustain federal jurisdiction, Douglas v. Jeanette, 319 U.S. 157, 87 L. Ed. 1324, 63 S. Ct. 877, reh. den. 319 U.S. 782, 87 L. Ed. 1726, 63 S. Ct. 1170 (1943); Antieau, supra, § 83, nor to plead diversity of citizenship of the parties. Ortega v. Ragen, 216 F. 2d 561 (7th Cir. 1954), cert. den. 349, U.S. 940, 99 L. Ed. 1268, 75 S. Ct. 786; Antieau, supra, § 83. Antieau, supra § 83, at p. 109, states that:....." a case brought under § 1983 should not be dismissed at the pleadings stage unless it appears to a certainty that the plaintiff would be entitled to no relief under any state of facts which could be proved in support of his claim. Holmes v. New York Housing Authority, 398 F. 2d 262 (2d Cir. 1968); Barnes v. Merritt, 376 F. 2d 8 (5th Cir. 1967); Nanez v. Ritger, 304 F. Supp. 354 (D. Wis. 1969); Jones v. Hopper, 410 F. 2d 1323 (10th Cir. 1969), cert. den. 397 U.S. 991, 25 L. Ed. 2d 999, 90 S. Ct. 1111; Antieau, supra, § 83. In a § 1983 Action, the allegations of the complaint and the inferences to be drawn therefrom, upon a motion to dismiss, must be taken most favorably to the plaintiffs." Nanez v. Ritger Supra, Antieau, supra, § 83.

Traditionally courts have construed liberally complaints filed under § 1983 by those who did not have the advantage of counsel. Matheis v.

Hoyt, (1955, DC Mich.) 136 F. Supp. 119; Morgan v. Sylvester, (1954, DC NY) 125 F. Supp. 380, aff'd (CA 2) 220 F. 2d 758, cert. den. 350 U.S. 867, 100 L. Ed. 768, 76 S. Ct. 112, reh. den. 350 U.S. 919, 100 L. Ed. 805, 76 S. Ct. 201.

The Respondents herein, have among other things, joined in a conspiracy against the Petitioners. Conspiracies to deprive persons of their civil rights by parties acting under the color of law are actionable not only under 42 U.S.C. 1985 (3), but under 42 U.S.C. 1983 as well, Ames v. Vavreck, 356 F. Supp. 931 (D Minn. 1973); Wade v. Bethesda Hospital 356 F. Supp. 380 (D. Ohio 1973); Antieau, supra, § 29. The fact that Respondents are not all Federal Officers or Agents thereof does not prevent the Petitioners from suing the Respondents who are either private persons or tohers under the civil rights acts. In a recent case, it was stated that:

"Private persons who would not be operating under color of law so far as § 1985 is concerned if acting alone are within that statute's purview if they conspire with parties whose actions are deemed to be state action and consummate the constitutional deprivation that was the object of the conspiracy....."

Luker v. Nelson 341 F. Supp. 111, 121 (D. ILL. 1972).

"Of particular interest in this conspiracy has been the complete breakdown of law and order resulting in the conspirators taken the law into-their own hands thus converting the law of the mob into the law of the state." Downie v. Powers



(1951,CA 10 Okla) 193 F.2D 760.  
In a number of well reasoned decisions,  
§ 1985 (3) has been applied to purely  
"private" individuals not acting under  
"color of law" but in their private cap-  
acities, Spampinato v. M Breger & Co.  
(1959,CA 2Ny) 270 F.2d 46, cert.den. 361  
U.S. 944, 4L.Ed. 2d 553, 80 S.Ct. 597;  
Miles v. Armstrong, (1953,CA 7 ILL.)207 F.  
2d 284; Jewish War Veterans v. American  
Nazi Party, (1966,DC. ILL) 260 F. Supp.  
452; Lynn v. McElroy, (1959, DC Ala)176  
F. Supp. 661.

#### CONCLUSION

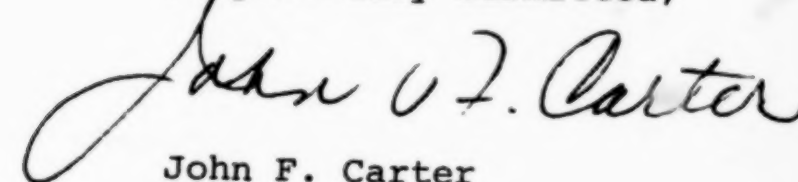
In the cases to be reviewed Petitioners  
claims are strong indeed. Respondents have  
severely damaged both personal and property  
rights of the Petitioners, such rights  
arising under both the United States  
Constitution and under Federal and State  
Law . By undertaking a systematic campaign  
of terror and harassment against the pers-  
ons and property of Petitioners, and using  
the color of law to cloak their illegal  
and unconstitutional acts, Petitioners  
clearly merit and this court should award  
damages and injunctive and declarative  
relief, as well as granting immediate relief  
due to the daily continuation of the activ-  
ities alleged in the cases and the exigency  
of the daily damage being suffered in the  
thousands of dollars by the Petitioners .  
And, what other relief this court may deem  
just and fair.

In America, where the stability of the  
courts and of all departments of government  
rests upon the approval of the people, it  
is peculiarly essential that the system  
for establishing and dispensing justice  
be... so maintained that the public shall

have absolute confidence in the integrity  
and impartiality of it's administration....  
It cannot be so maintained unless the  
conduct and motives of our profession are  
such as to merit the approval of all  
just men.  
Thus begins the Preamble to the Respondents  
Canons of Professional Ethics.

Wherefore, Petitioners pray that this  
Court issue a Writ of Certiorari and  
speak out on these heretofore unanswered  
questions so as to give guidance to the  
courts below.

Respectfully submitted,



John F. Carter  
P.O.Box 366  
Rochdale, MA 01542  
TEL.(617) 892-9448

APPENDIX



APPENDIX A

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

JOHN F. CARTER,  
Plaintiff,

v.

THE AMERICAN BAR ASSOCIATION,  
THE WALL STREET JOURNAL,  
Defendants.

CIVIL ACTION  
NO. 75-3490-S

JUDGMENT OF DISMISSAL

March 30, 1976

SKINNER, D.J.

This matter came on for consideration on the motions of the defendants The Wall Street Journal and Dow Jones & Company, Inc. to dismiss and on so much of the answer of The American Bar Association as challenges the subject matter jurisdiction of the Court. Upon consideration of the briefs of the parties, but without oral argument, it is ORDERED and ADJUDGED that the Complaint be DISMISSED under Fed.R.Civ.P. 12(b)(6) for lack of subject matter jurisdiction and failure of the Complaint to state a claim upon which relief may be granted.

*[Signature]*  
United States District Judge

APPENDIX A1

76-1188

PLAINTIFFS

DEFENDANTS

JOHN F. CARTER

AMERICAN BAR ASSOCIATION  
WALL STREET JOURNAL

CAUSE

Civ Rts 2 Years escalating conspiracy to deprive Pltf of his civil rights to do business by illegal and defamatory harrassment.

ATTORNEYS

John F. Carter, Pro Se  
P.O. Box 366  
Rochdale, 01542  
892-9448

A.B.A.  
1155 E. 60th St.  
Chicago, Ill. 60637

The Wall St. Journal  
22 Cortlandt St.  
N.Y., N.Y. 10007

by HENENWAY & BARNES  
73 Tremont St.  
Boston 227-7940

ROBERT W. MESERVE  
MICHAEL J. LISTON  
Newman, Meserve, King & Romero  
125 High St.  
Boston, 02110

<input type="checkbox"/> CHECK HERE IF CASE WAS FILED IN FORMA PAUPERIS	FILING FEES PAID			STATISTICAL	
	DATE	RECEIPT NUMBER	C.D. NUMBER	CARD	DATE
	3-30-76	54002	15.00	30	

UNITED STATES DISTRICT COURT DOCKET

*[Signature]*

JOHN CARTER		APPENDIX A <sup>1</sup>	DOCKET NO. 75-17
ABA, WALL ST. JOURNAL		PAGE 1 OF 1	DATE
DATE	NR.	PROCEEDINGS	
1976			
Jan. 28		Motion to bring in party deft., Equifax, Inc., filed.	
28		Motion to bring in party deft., Consumers Savings Bank, filed.	
28		Motion to bring in party deft., The Mechanics National Bank, filed.	
28		Motion to bring in party deft., Worcester Telegram & Gazette, filed.	
28		Motion to bring in party deft., American Civil Liberties Union, filed.	
28		Motion to bring in party deft., Columbia Broadcasting System, Inc., filed.	
28		Motion to bring in party deft., Investment Co. Institute, filed.	
28		Motion to bring in party deft., Keystone Custodiam Funds Inc./ Keystone Investment Management Co., Inc., filed.	
28		Motion to bring in party deft., Four Square Fund, Inc., filed.	
28		Motion to bring in party deft., Fidelity Management Research Corp., filed.	
28		Motion to bring in party deft., State Mutual Life Assurance Co. of America, filed.	
Mar. 18		Pltf.'s Motion for Speedy Completion of pleadings and trial, filed.	
Mar. 28		SKINNER, J. Motion for speedy completion of pleadings and trial: "No action." cc/cl.	
29		SKINNER, J. Motion to bring in party deft. (Abodeely, Abodeely, Day & Revelli) DENIED. No jurisdiction over private parties and no diversity of citizenship. cc/cl.	
29		SKINNER, J. Motion to bring in party deft. (Bouditch & Lane); DENIED. No Jurisdiction over private parties. No diversity. cc.	
29		SKINNER, J. Remaining motions to bring in party defts. filed 1-28-76 DENIED. cc/cl.	
29		SKINNER, J. Motion to amend and supplement complaint filed 12-12-75. "DENIED. The added claims do not appear to be within the jurisdiction of the court." cc/cl.	

DECEMBER 1976

APPENDIX A <sup>1</sup>		DOCKET NO. 75-17
PAGE 1 OF 1		DATE
DATE	NR.	PROCEEDINGS
1976		
Mar. 30		SKINNER, J. JUDGMENT OF DISMISSAL for lack of subject matter jurisdiction and failure of complaint to state a claim upon which relief may be granted. cc/cl.
Apr. 2		Pltf.'s Notice of Appeal, filed. Cpy to counsel.
2		Pltf., - Appellee's Motion for Consolidation of 75-3490-S and 74-4040-S, filed.
May 4		Certified copy of docket entries and original pleadings forwarded to the Court of Appeals.

BEST COPY AVAILABLE



IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTSJOHN F. CARTER,  
Plaintiff

vs.

AMERICAN BAR ASSOCIATION,  
THE WALL STREET JOURNAL,  
Defendants

Civil Action No. 75-3490-S

COMPLAINTCount One

1. This Count is brought under section 440 Civil Rights. The matter of controversy exceeds, exclusive of interest and costs, the sum of Ten Thousand (\$10,000.00) Dollars.
2. Plaintiff John F. Carter is a citizen of the Commonwealth of Massachusetts and resides at 12 Monticello Drive, Paxton, Massachusetts.
3. Now comes the Plaintiff in the above-entitled action and says that he was the founder and majority shareholder of the following corporations, namely, Brokers Diversified Services Corp., Brokers Diversified Inc., and Wellesley Management Corp.
4. Said corporations were part of the Brokers Diversified Group, a unique financial services concept. (Exhibit A).
5. Due to a contrived Securities and Exchange Commission investigation the Group companies were put out of business because it's concept represented a serious threat to the Mutual Fund Industry.
6. As a result of this action by the Securities and Exchange Commission, lawsuits were brought against all parties to include the United States Securities and Exchange Commission and it's employees, important law firms, former employees and successor companies. (Exhibit B).
7. In spite of the overwhelming documentation and witnesses and Plaintiff's willingness to pay, Plaintiff remains a victim of a total conspiracy by the American Bar Association and is unable to retain counsel. (Exhibit C).

8. That the American Bar Association is guilty of violating it's trust to the public and acting without conscience in this matter is evident by the Plaintiff's inability to retain counsel. Everyone is entitled to the services of a lawyer, even those clients who wish to sue lawyers.

9. Defendant American Bar Association is in violation of it's Canons of Professional Ethics. Canon 1 EC 1-1: "A basic tenet of the professional responsibility of lawyers is that every person in our society should have ready access to the independent professional services of a lawyer of integrity and competence. Maintaining the integrity and improving the competence of the bar to meet the highest standards is the ethical responsibility of every lawyer".

10. Plaintiff has been told by the Defendant American Bar Association representatives, "we're like one big club and you can't expect members of the club to sue each other". Plaintiff has been told by the Defendant American Bar Association Worcester representatives, "you have to go to Boston to get a lawyer". Plaintiff has been told by the Defendant American Bar Association Boston representatives, "you have to go to New York to get a lawyer". Plaintiff has been told by the Defendant American Bar Association New York representatives, "you have to go to Washington, D. C. with this". Plaintiff has been told by the American Bar Association Washington D. C. representatives, "can't be of any help". (Exhibit D).
11. As a result of this conspiracy by the Defendant American Bar Association Plaintiff and his family have been subjected to the following persecution;
  - Threats of murder and violence.
  - Loss of home, office building and companies.
  - Investigated and harassed by the Internal Revenue Service, Health, Education and Welfare, attorney general's office and postal department.
  - Black balled from the business community and unable to obtain credit from banks.

## Count Two

12. This Count is brought under section 440 Civil Rights. The matter of controversy exceeds, exclusive of interest and costs, the sum of Ten Thousand (\$10,000.00) Dollars.
13. Plaintiff John F. Carter is a citizen of the Commonwealth of Massachusetts and resides at 12 Monticello Drive, Paxton, Massachusetts.
14. Now comes the Plaintiff in the above-entitled action and says that he was the founder and majority shareholder of the following corporations, namely, Brokers Diversified Services Corp., Brokers Diversified Inc., and Wellesley Management Corp.,
15. Said corporations were part of the Brokers Diversified Group, a unique financial services concept.
16. Due to a contrived Securities and Exchange Commission investigation the Group companies were put out of business because it's concept represented a serious threat to the Mutual Fund Industry.
17. As a result of this action by the Securities and Exchange Commission, lawsuits were brought against all parties to include the United States Securities and Exchange Commission and it's employees, important law firms, former employees and successor companies.
18. That the Securities and Exchange Commission conducted a contrived investigation for the purpose of putting an end to the Brokers Diversified Group concept because the Group concept represented a serious threat to the Mutual Fund Industry is a matter of record and documentation. In spite of the glaring irregularities involved in said investigation the Wall Street Journal has refused to print Plaintiff's comments. (Exhibit E).
19. Defendant The Wall Street Journal knowingly conspired with the Securities and Exchange Commission by refusing to print Pl's side of the story in spite of the Peoples Right to know all the facts regarding the outcome of a public proceeding. By printing only adverse remarks and deliberately lying, "Mr. Carter couldn't be reached for comment", Defendants violated Plaintiff's civil rights and caused said article to be circulated to Plaintiff's accounts and business associates further causing irreparable harm and damage to Plaintiff. (Exhibit F).
20. That The Wall Street Journal has violated it's trust to the public and is guilty of acting without conscience in this matter is clearly demonstrated by it's refusal to print

- the Plaintiff's side of the story knowing full well that failure to do so will forever taint the Plaintiff. Due to the existing conspiracy Plaintiff's "Entrepreneurial Wings have been clipped". A cloud has forever cast it's shadow on Plaintiff Carter's Integrity, further barring him from participating in sensitive areas of credit.
21. Since The Wall Street Journal is the largest and only nationwide financial daily newspaper they have a special obligation to report all matters of protectionism which will adversely affect the Free Enterprise System. Their failure to report the facts in this matter can only add credence to their preferred treatment of an Industry and Governmental Agency over the people.
22. As a result of this conspiracy by the Defendant The Wall Street Journal Plaintiff and his family have been subjected to the following persecution;
- Threats of murder and violence.
- Loss of home, office building and companies.
- Investigated and harassed by the Internal Revenue Service, Health, Education and Welfare, attorney general's office and postal department.
- Black balled from the business community and unable to obtain credit from banks.
23. Plaintiff requests Trial By Jury.

WHEREFORE, Plaintiff demands

1. Judgement against the Defendants for the sum of One Hundred Million (\$100,000,000.00) Dollars.
2. Such other and further relief as the Court may deem just and proper.

JOHN F. CARTER

BY: *John F. Carter*  
 JOHN F. CARTER, pro se  
 600 Lincoln Street  
 Worcester, Massachusetts 01605  
 Tel. (617) 852-0080



APPENDIX B

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

JOHN F. CARTER,

Plaintiff

vs.

AMERICAN BAR ASSOCIATION,  
THE WALL STREET JOURNAL,

Defendants

CIVIL ACTION  
NO. 75-3490-S

MOTION TO AMEND BILL OF COMPLAINT

Now comes the Plaintiff in the above-entitled action and moves that he be allowed to amend his Bill of Complaint by changing paragraph no. 1, Count one, and paragraph no. 12, Count two, to read:

This count is brought under the first and fourteenth Amendment of the Constitution of the United States, Title 28, U.S.Code, sections 1331, 1332 and 1343, and Title 42, U.S.Code, sections 1983, 1985 and 1986.

Plaintiff states that the actions of the Defendants named herein constitute an ongoing conspiracy designed to interfere with the constitutional and Civil Rights of the Plaintiff under color of state law and that the parties to this conspiracy had knowledge of said conspiracy and could have acted to prevent same, but neglected to do so.

The matter of controversy exceeds, exclusive of interest and costs, the sum of Ten Thousand, (\$10,000.00), Dollars.

Respectfully submitted,

BY:

JOHN F. CARTER, PRO SE  
600 Lincoln St., Worcester, MA 01605  
TEL: 617-852-0080

APPENDIX B<sup>1</sup>

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

JOHN F. CARTER,

Plaintiff

vs.

AMERICAN BAR ASSOCIATION,  
THE WALL STREET JOURNAL,

Defendants

CIVIL ACTION NO. 75-3490-S

MOTION TO AMEND AND SUPPLEMENT COMPLAINT

Now comes the Plaintiff in the above-entitled action and moves this Honorable Court for leave to amend and supplement his Complaint previously filed, on the grounds that the transactions, occurrences, and events stated herein have happened since the date of the Plaintiff's original Complaint, and that it is in the interest of justice that all issues between Plaintiff and Defendants be litigated in this action.

1. As to Count II, parties, add the following parties Defendant:

24. Defendant Bowditch & Lane is a Massachusetts Law Firm located at 311 Main Street, Worcester, Massachusetts.

Defendant Bowditch & Lane is named as a party Defendant hereto as they are former counsel of Plaintiffs during the period of time encompassed by this Complaint.

Defendant Bowditch & Lane conspired with others who stripped the assets of Plaintiff companies. Defendants further benefited from Plaintiffs ideas and unique corporate structure by sharing said ideas with other corporate accounts.

Defendant Bowditch & Lane refused to protect client Plaintiffs from a contrived Securities and Exchange Commission investigation in spite of Defendants' acknowledgement to Plaintiff that, "it (S.E.C. investigation) is all political" and "you (Plaintiffs) have a great group of stockholders",

APPENDIX B<sup>1</sup>

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

CIVIL ACTION  
NO. 75-3490-S

JOHN F. CARTER,  
Plaintiff

vs.

AMERICAN BAR ASSOCIATION,  
THE WALL STREET JOURNAL,  
BOWDITCH & LANE,  
WORCESTER TELEGRAM & GAZETTE,  
THE MECHANICS NATIONAL BANK,  
CONSUMERS SAVINGS BANK,  
EQUIFAX, INC.,  
ABODEELY, ABODEELY, BAYLIS & REVELLI,  
WORCESTER COUNTY NATIONAL BANK,  
STATE MUTUAL LIFE ASSURANCE COMPANY OF AMERICA,  
FIDELITY MANAGEMENT RESEARCH CORPORATION,  
FOUR SQUARE FUND INC.,  
KEYSTONE CUSTODIAN INC./KEYSTONE INVESTMENT MGT CO.,  
INVESTMENT COMPANY INSTITUTE,  
COLUMBIA BROADCASTING SYSTEM INC.,  
AMERICAN CIVIL LIBERTIES UNION,  
Defendants

APPENDIX C

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

CIVIL ACTION  
NO. 75-3490-S

JOHN F. CARTER,

Plaintiff

vs.

AMERICAN BAR ASSOCIATION,  
THE WALL STREET JOURNAL,

Defendants

MOTION TO BRING IN PARTY DEFENDANT

Plaintiff moves for leave, to cause to be served upon  
ABODEELY, ABODEELY, BAYLIS & REVELLI, a summons and Defendant-  
party complaint, copies of which are hereto attached as  
exhibit 6.

Respectfully submitted,

*John F. Carter*  
JOHN F. CARTER, pro se  
600 Lincoln St.  
Worcester, MA 01605  
TEL. 617-852-0080

3-25-76  
6/8/76  
UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS  
JAN 1976

BEST COPY AVAILABLE



UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

JOHN F. CARTER,  
Plaintiff

vs.

AMERICAN BAR ASSOCIATION,  
THE WALL STREET JOURNAL,

### Defendants

MOTION TO BRING IN PARTY DEFENDANT

Plaintiff moves for leave, to cause to be served upon BOWDITCH & LANE, a summons and Defendant party complaint, copies of which are hereto attached as exhibit 1.

Respectfully submitted,

JOHN F. CARTER, pro se  
600 Lincoln St.,  
Worcester, MA 01605  
TEL: 617-852-0080

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

JOHN F. CARTER, ET AL.,  
Plaintiffs.

v.

UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION,  
Defendant.

CIVIL ACTION  
NO. 74-4040-S

### JUDGMENT OF DISMISSAL

March 30, 1976

SKINNER, D. J.

This matter came on to be heard on the defendants' Motion to Dismiss, and after hearing and consideration thereof, it is ORDERED and ADJUDGED that the Complaint herein be DISMISSED for lack of subject matter jurisdiction.

United States District Judge

APPENDIX D<sup>1</sup>

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

JOHN F. CARTER, ET AL.,  
Plaintiffs,

v.

UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION,  
Defendant.

CIVIL ACTION  
NO. 74-4040-S

MEMORANDUM AND ORDER ON MOTION TO DISMISS

March 30, 1976

SKINNER, D.J.

Review of orders of the Securities and Exchange Commission is committed by statute to the Courts of Appeal, 15 U.S.C. §70(y). This remedy is exclusive and the orders of the Commission are not subject to collateral attack in this Court. Exercise, by the Commission and its staff, of discretion with respect to the institution of investigations is similarly not subject to review by this Court. Dyer v. Securities and Exchange Commission, 291 F.2d 774, 781 (8th Cir. 1961). Accordingly, the Court has no subject matter jurisdiction over this Complaint, and the Motion\* to Dismiss of the Securities and Exchange Commission must be ALLOWED.

*[Signature]*  
United States District Judge

\*The Securities and Exchange Commission filed a consolidated motion in this case and in case number 74-2263-S. The motion is filed with the papers in case number 74-2263-S.

APPENDIX D<sup>2</sup>

76-1018

PLAINTIFFS		DEFENDANTS	
JOHN F. CARTER, BROKERS DIVERSIFIED, INC. WELLESLEY MANAGEMENT CORP., BROKERS DIVERSIFIED SERVICES CORP.		UNITED STATES SECURITIES AND EXCHANGE COMMISSION	
PRO SE	ATTORNEYS	THOMAS L. TAYLOR, III S.E.C. Washington, D.C.	
P.O. Box 366 Rochdale, 01542 692-9448			
CAUSE			
850 Securities Act of 1933			
1974			
Aug. 16	Complaint filed.		
Oct. 17	Summons issued.		
Oct. 29	Return of summons with service on SEC on 9/27/74 and U. S. Atty. on 9/27/74. Pltff.'s motion for preliminary injunction filed.		
Nov 26	SKINNER, J. Case to be consolidated with 74-2263-S and transferred to J. Skinner		
26	SKINNER, J. Pltff's motion for preliminary injunction, DENIED. c/e		
Dec 5	Deft's motion to dismiss or in the alternative for summary judgment and memoraddum in support thereof, filed.		
1975			
Feb 18	Pltff's opposition to defts' motion to dismiss, filed.		
<input type="checkbox"/> CHECK HERE IF CASE WAS FILED IN FORMA PAUPERIS	FILING FEES PAID		JURY DEMAND
	DATE	RECEIPT NUMBER	<input type="checkbox"/> PLAIN <input type="checkbox"/> JURY
	8-16-74	46003 \$ 15.00	DATE
			CARD
			DATE

UNITED STATES DISTRICT COURT DOCKET

5-4-76  
For G-3, see  
and check  
on file in  
justice.

*[Signature]*



APPENDIX D<sup>2</sup>

DATE	PROCEEDINGS	Date Order or Judge, Court, etc.
Mar 11	SKINNER, J. Hearing on defts' motions to dismiss; pltf's motion to amend complaint (filed 10/30/74) is DENIED; memo of defts Dickstein, Shapiro and Morin in support of motion to dismiss filed; arguments by counsel and pltf; taken under advisement.	
July 25	P's motion for demand for jury trial of all issues, filed with cs.	
Aug. 14	Copy of letter from John Carter, filed.	
Oct. 15	Pltf.'s Motion to Accept Pertinent Materials, filed.	
Nov. 21	Pltf.'s Motion to amend and supplement complaint, filed. c/s.	
21	Memorandum of Law in support of Pltf.'s Motion to amend and supplement complaint, filed. c/s.	
Dec. 4	Pltf.'s Motion to amend and supplement complaint, filed. c/s.	
Dec. 5	Motion for an extension of time in which to respond to Pltf.'s Motion to amend and supplement complaint, filed. (up to and including 12/17/75.)	
8	Motion to consolidate a related case 75-4583-M with this case 74-4040-S, filed with affidavit in support of motion and cs.	
Dec. 15	Pltf.'s Motion to amend and supplement complaint, filed. (I)	
15	Memorandum of Law in support of Motion to amend and supplement complaint, filed. c/s. (II)	
Dec. 19	Opposition of the Securities and Exchange Commission to Pltf.'s Motion to amend and supplement complaint, filed. c/s.	
1976		
Jan. 7	Further Statement in support of Pltf.'s Motion to amend and supplement complaint, filed. c/s.	
Jan. 19	Deft.'s certificate of service in re: opposition to Motion to amend and Supplement complaint, filed.	
Feb. 2	Pltf.'s Motion to accept pertinent materials, filed. c/s.	
Mar. 2	Pltf.'s Motion to accept pertinent materials, filed. c/s.	
Mar. 16	Pltf's motion for order compelling discovery, filed, c/s (amkx re: Deft. Securities & Exchange Comm.)	
18	Pltf's motion for order compelling discovery, filed, c/s (re: deft. Dept. Public Safety)	

APPENDIX D<sup>2</sup>

CARTER		SEC	DOCKET NO.	PAGE	OF
DATE	PROCEEDINGS			Date of Judgment	
1976					
Mar. 26	<u>SKINNER, J.</u>	Motion to compel discovery (Dept. of Public Safety); "The Dept. of Public Safety is not subject to orders of this Court. This Motion is DENIED." cc/cl.			
28	<u>SKINNER, J.</u>	Motion to compel discovery ( SEC); "Pltf. may inspect but remove documents during regular _____ hours. Deft. will furnish copies of designated documents upon payments by _____ or reasonable costs, (including personnel time) of producing copies." cc/cl.			
28	<u>SKINNER, J.</u>	Motion to amend and supplement complaint, "ALLOWED as to paragraphs 44 through 67 and the first five prayers for relief; otherwise DENIED." cc/cl.			
29	<u>SKINNER, J.</u>	Motion to compel discovery (SEC); "the foregoing Order (3-15-76) is vacated by reason of the dismissal of the complaint. DENIED." cc/cl.			
29	<u>SKINNER, J.</u>	Motion to amend and supplement complaint; "the added defts individuals who are not subject to suit under these Acts. There is no diversity jurisdiction. The Allegation against Riccio and Gilbert duplicate those in 74-4040-S. There is no jurisdiction to investigate IRS and Fed. Office. The Motion is DENIED." cc/cl.			
29	<u>SKINNER, J.</u>	Motion to accept pertinent materials; "ALLOWED subject to motions at time of trial as to admissibility." cc/cl.			
29	<u>SKINNER, J.</u>	Motion to accept pertinent materials; "The foregoing order vacated and motion DENIED by reason of dismissal of complaint (Order of 3-29-76). cc/cl.			
29	<u>SKINNER, J.</u>	Motion to amend and supplement complaint (filed 12-15-75) cc/cl.			
29	<u>SKINNER, J.</u>	Motion for an extension of time in which to respond to Pltf's Motion to amend and supplement complaint (filed 12-15-75). ALLOWED, Nunc Pro tunc" cc/cl.			
29	<u>SKINNER, J.</u>	Motion to amend and supplement complaint (filed 12-15-75); DENIED. cc/cl.			
29	<u>SKINNER, J.</u>	Motion to consolidate a related case (filed 12-8-75); DENIED.			

APPENDIX D<sup>2</sup>

PLAINTIFF	DEFENDANT	DOCKET NO.	PAGE	OF	PP.
DATE	PROCEEDINGS	Date Order or Assignment Recd.			
1976					
Mar. 30	SYLVESTER, J. MEMORANDUM AND ORDER ON MOTION TO DISMISS: Motion ALLOWED, cc/cl.				
30	SKINNER, J. JUDGMENT OF DISMISSAL ENTERED, cc/cl.				
Apr. 2	Pltf.'s Notice of Appeal, filed.				
May 4	Certified copy of docket entries and original pleadings forwarded to the Court of Appeals.				

## APPENDIX E

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTSCIVIL ACTION  
NO. 74-4040-S

JOHN F. CARTER,  
BROKERS DIVERSIFIED INC.,  
WELLESLEY MANAGEMENT CORP.,  
BROKERS DIVERSIFIED SERVICES CORP.,  
Plaintiffs

vs.

U.S. SECURITIES AND EXCHANGE COMMISSION,  
WILLIAM DICKEY,  
ERNEST L. JOHNSON,  
JOHN H. DONOVAN, JR., M.D.,  
JOSEPH J. CARIGLIA, ESQUIRE  
BERNARD McGEE,  
LAWRENCE CARR,  
JAMES GENDRON,  
ROBERT WINTHROP,  
NATIONAL FIDUCIARY CORP.,  
LEXINGTON MANAGEMENT CORP.,  
LOUIS ROBO,  
LEON LOVITT,  
KENNETH B. SWIFT,  
DONALD ACKROYD,  
IRVING POLLACK, COMMISSIONER,  
STANLEY SPORKIN, ENFORCEMENT DIRECTOR,  
ARTHUR CARR, ESQUIRE,  
WILLIS RICCIO, ESQUIRE,  
FLOYD GILBERT, ESQUIRE,  
ROBERT L. BORUS,  
ROBERT O'BERG,  
C.E. FARNAM,  
SECURITY CONNECTICUT LIFE INSURANCE COMPANY,  
UNITED STATES INTERNAL REVENUE SERVICE,  
UNITED STATES POSTAL DEPARTMENT,  
WILLIAM T. BUCKLEY, ESQUIRE,  
BOSTON STOCK EXCHANGE,  
JOHN HALL,  
NATIONAL ASSOCIATION OF SECURITIES DEALERS INC.,  
Defendants



APPENDIX E

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

JOHN F. CARTER,  
BROKERS DIVERSIFIED INC.,  
WELLESLEY MANAGEMENT CORP.,  
BROKERS DIVERSIFIED SERVICES CORP.,

Plaintiffs

vs.

UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,

Defendant

: Civil Action  
No. 74-4040-S

MOTION TO AMEND AND SUPPLEMENT COMPLAINT

Now comes the Plaintiffs in the above-entitled action and move this Honorable Court for leave to amend and supplement their Complaint previously filed, on the grounds that the transactions, occurrences, and events stated herein have happened since the date of the Plaintiffs' original Complaint, and that it is in the interest of justice that all issues between Plaintiffs and Defendant be litigated in this action.

As to the Complaint, amend paragraph #1 to read:

1. John F. Carter is a citizen of the United States and resides at 12 Monticello Drive, Paxton, Massachusetts.

This Complaint is brought under the First, Fifth and Fourteenth Amendment of the Constitution of the United States, Title 28, U. S. Code, sections 1331, 1332 and 1343 and Title U. S. Code, sections 1983, 1985 and 1986.

Plaintiffs state that the actions of the Defendant named herein constitute an ongoing conspiracy designed to interfere

APPENDIX E

As to the Complaint prayers, amend, supplement and add the following to read:

WHEREFORE, the Plaintiffs, JOHN F. CARTER, BROKERS DIVERSIFIED INC. WELLESLEY MANAGEMENT CORP., and BROKERS DIVERSIFIED SERVICES CORP., demand judgment against the Defendants for the sum of FIFTY MILLION (\$50,000,000.00) DOLLARS.

Such other and further relief as the Court may deem just and proper.

WHEREFORE, the Plaintiffs, JOHN F. CARTER, BROKERS DIVERSIFIED INC., WELLESLEY MANAGEMENT CORP., and BROKERS DIVERSIFIED SERVICES CORP., ask this Honorable Court to temporarily and permanently enjoin the Securities and Exchange Commission and it's agents, servants or employees from carrying through with the imposition of the findings and order for remedial sanctions.

WHEREFORE, the Plaintiff, BROKERS DIVERSIFIED SERVICES CORP., asks this Honorable Court to enjoin the Securities and Exchange Commission, or it's agents, servants or employees from temporarily and permanently suspending Regulation A exemption.

WHEREFORE, the Plaintiffs, JOHN F. CARTER, BROKERS DIVERSIFIED INC. and WELLESLEY MANAGEMENT CORP., ask this Honorable Court to order the Securities and Exchange Commission or it's agents, servants or employees to revoke it's findings and imposing remedial sanctions.

WHEREFORE, the Plaintiffs, JOHN F. CARTER, BROKERS DIVERSIFIED INC. and WELLESLEY MANAGEMENT CORP., ask this Honorable Court to enjoin the Securities and Exchange Commission, it's agents, servants or employees from making

*Allowed as to paragraph 11 and 12  
67 and the first five paragraphs of the complaint  
denied.  
3-25-76  
The foregoing is corrected 3-25-76  
for full disclosure*

APPENDIX E

findings and orders imposing remedial sanctions against the Plaintiffs at any time in the future.

WHEREFORE, the Plaintiffs, JOHN F. CARTER, BROKERS DIVERSIFIED INC., WELLESLEY MANAGEMENT CORP., and BROKERS DIVERSIFIED SERVICES CORP., ask this Honorable Court to seek, order and control an investigation into the Securities and Exchange Commission or it's agents, servants or employees, including it's attorneys, Arthur Carr, Willis Riccio, Edward P. Delaney and Regional Administrator Floyd H. Gilbert.

WHEREFORE, the Plaintiffs, JOHN F. CARTER, BROKERS DIVERSIFIED INC., WELLESLEY MANAGEMENT CORP., and BROKERS DIVERSIFIED SERVICES CORP., ask this Honorable Court to seek, order and control an investigation into the Internal Revenue Service or it's agents, servants or employees.

WHEREFORE, the Plaintiffs, JOHN F. CARTER, BROKERS DIVERSIFIED INC., WELLESLEY MANAGEMENT CORP., and BROKERS DIVERSIFIED SERVICES CORP., ask this Honorable Court to seek, order and control an investigation into the United States Postal Department or it's agents, servants or employees.

JOHN F. CARTER, individually and as principal shareholder of BROKERS DIVERSIFIED INC., WELLESLEY MGT CORP. BROKERS DIVERSIFIED SERVICES CORP.

BY:

JOHN F. CARTER, PRO SE  
600 Lincoln Street  
Worcester, MA 01605  
Tel: 617-852-0080

APPENDIX E<sup>1</sup>

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

CIVIL ACTION  
NO. 74-4040-S

JOHN F. CARTER, et als  
Plaintiffs  
vs.  
UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,  
Defendant

FILED  
MAY 15 1976  
MOTION FOR ORDER COMPELLING DISCOVERY  
CIVIL ACTION NO. 74-4040-S  
OF MASS

Now comes the plaintiff, John F. Carter, in the above-entitled matter and asks that this Honorable Court order the defendant, Securities and Exchange Commission, to allow plaintiff's request for production of documents regarding an investigation of Brokers Diversified, Inc.; Brokers Diversified Services Corp.; Wellesley Management Corp.; and John F. Carter.

To produce and to permit plaintiff to inspect and photograph each of the following documents:  
All written investigative reports, signed statements and any other materials, to include, inter-office and departmental memos from July 1, 1972 to the time of production.

It is requested that the aforesaid production be made, on Court appointed date, at the offices of defendant, Securities and Exchange Commission, 150 Causeway Street, Boston, Massachusetts.

Plaintiff further requests that he be permitted to remove from the Securities and Exchange Commission's custody such

The added defendants are individuals who are not subject to suit under the Civil Rights Act. There is no diversity jurisdiction. The allegations against Riccio and Gilbert duplicate those in 74-2263-S. The motion is DENIED.

3-28-76

WJ Skinner  
WJ 24

of the documents as he desires to copy, on the understanding that plaintiff will be responsible for these documents so long as they are in his possession, that copying will be done at plaintiff's expense and that the documents will be promptly returned, immediately after copying has been completed.

Plaintiff requests a 15 minute hearing.

Respectfully requested,

BY: *John F. Carter*  
JOHN F. CARTER, pro se  
P.O. Box 366  
Rochdale, MA 01542  
TEL. 617-892-9448

CERTIFICATE OF SERVICE

I, JOHN F. CARTER, pro se, hereby certify that I have on this day mailed a copy of the above Motion to the attorney for the defendant:

THOMAS TAYLOR III, Esq.  
SECURITIES AND EXCHANGE COMMISSION  
500 No. Capitol Street  
Washington, D.C.

March 16, 1976

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

CIVIL ACTION  
NO. 74-4040-S

JOHN F. CARTER, et al.,  
Plaintiffs  
vs.  
UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,  
Defendant

MOTION FOR ORDER COMPELLING DISCOVERY,  
CIVIL ACTION NO. 74-4040-S

U.S. DISTRICT COURT  
DISTRICT OF MASS.

Now comes the plaintiff, John F. Carter, in the above-entitled matter and asks that this Honorable Court order the Department of Public Safety to allow plaintiff's request for production of documents of investigation of Joseph Cariglia and William Fulginiti, pending party defendants in the above action.

To produce and to permit plaintiff to inspect and photograph their investigative report.

All existing data regarding Joseph Cariglia and William Fulginiti from date of report to the time of production.

It is requested that the aforesaid production be made on the Court appointed date, at the offices of the Department of Public Safety, 1010 Commonwealth Avenue, Boston, Massachusetts/

Plaintiff further requests that he be permitted to remove from the Department of Public Safety's custody such of the documents as he desires to copy, on the understanding that plaintiff will be responsible for these documents so long as they are in his possession, that copying will be done at plaintiff's expense and that the documents will be promptly returned immediately after copying has been completed.

Plaintiff requests a 15 minute hearing.

Respectfully requested,

BY: *John F. Carter*  
JOHN F. CARTER, pro se  
P.O. Box 366  
Rochdale, MA 01542  
TEL. 617-892-9448

*The Department of Public Safety is requested to allow the plaintiff to inspect and photograph their investigative report. This motion is denied. 3-21-76*

*Plaintiff may inspect but not remove documents during regular business hours. Plaintiff will furnish copies of documents upon request by plaintiff's attorney. 3-29-76*

*The foregoing order is vacated by reason of the dismissal of the complaint. 3-29-76*

*John F. Carter*  
JOHN F. CARTER, pro se



APPENDIX E<sup>3</sup>  
 UNITED STATES DISTRICT COURT  
 FOR THE DISTRICT OF MASSACHUSETTS

CIVIL ACTION  
 NO. 74-4040-S

JOHN F. CARTER, et al., )  
 Plaintiffs )  
 vs. )  
 UNITED STATES SECURITIES AND )  
 EXCHANGE COMMISSION, )  
 Defendant )

MOTION TO ACCEPT PERTINENT MATERIALS

Now comes the plaintiff in the above-entitled matter and moves  
 that this Honorable Court grant him permission to file a Motion  
 To Accept Pertinent Materials;

\* Appeal from United States District Court For The District Of  
 Massachusetts. No. 75-1178 - January 21, 1976 -  
 William L. Dickey, Plaintiff/Appellee

vs.

John F. Carter, Defendant/Appellant

\* Mr. Conrad W. Fisher, Esquire letter of January 29, 1976, with  
 exhibits A, B, C and D enclosed.

Respectfully submitted,

John F. Carter, pro se  
 600 Lincoln St., Worcester, MA 01605  
 TEL 617-852-0080

The foregoing order is  
 vacated and motion denied  
 by reason of lack of  
 compliance. 3-29-76  
 W. Fisher

UNITED STATES DISTRICT COURT  
 DISTRICT OF MASSACHUSETTS

BERNARD A. MCGEE

Plaintiff

vs.

CA 74-215-T

JOHN F. CARTER

Defendant

JUDGMENT

5/17/76

TAURO, D.J.

The Court having ordered on May 11, 1976  
 that the Defendant be defaulted for failure to appear  
 for trial in this action, it is hereby

ORDERED AND ADJUDGED that the Plaintiff,  
 Bernard A. McGee, recover of the Defendant, John F.  
 Carter, the sum of \$50,000 with interest thereon as  
 provided by law, and his costs of action.

By the Court,

Daniel F. Tauro  
 Deputy Clerk

Enter:

*[Signature]*  
 United States District Judge

Allowed subject to  
 objections at time of trial  
 as to admissibility.  
 3-29-76 W. Fisher

OFFICE	FILE NUMBER	MO.	DAY	YEAR	N/S	D	R	S	OTHER	NUMBER	YEAR	NUMBER
31	1	74	215-T	1	17	74	3	85	1			
PLAINTIFFS										DEFENDANTS		
<div style="display: flex; justify-content: space-between;"> <div> <p>BERNARD A. McGEE</p> <p>NEWELL, SAVRANH, MILLER &amp; KUNIAN</p> <p>227-9350</p> <p>One Court St.</p> <p>Boston, Mass. 02108</p> <p>Richard A. Savrann</p> </div> <div> <p>JOHN F. CARTER</p> <p>John F. Carter, Pro Se</p> <p><del>BOOKING OFFICE</del> P.O. Box 366</p> <p><del>BOOKING OFFICE</del> Rochdale,</p> <p>Tel. <del>BOOKING OFFICE</del> 892-9448 Mass. 01542</p> <p>withdrawn 12-6-74</p> <p>MICHAEL H. ABODEELY, JR., ESQ.</p> <p>ABODEELY, RAYLIS &amp; REVELLI, INC.</p> <p>390 MAIN ST.</p> <p>WORCESTER, MASS. 01608</p> <p>(752-6733)</p> </div> </div>												
<div style="display: flex; justify-content: space-between;"> <p>Recission of sale of stock</p> <p>CAUSE</p> </div>												

CHECK HERE  SE WAS FILED IN	FILING FEE PAID			JURY DEMAND
	DATE	RECEIPT NUMBER	C.D. NUMBER	<input type="checkbox"/> PLAN <input type="checkbox"/> DEF.
	1-17-74	41196	138	
				DATE _____
				HISTORICAL CARDS (to) DATE MAILED _____
				CARD _____ ISS _____ PRE _____

APPENDIX F<sup>1</sup>

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

BERNARD A. MCGEE

Plaintiff

v.

NO. CA 74-215-T

JOHN F. CARTER

Defendant

## NOTICE

JAN 28 1976

The above-entitled action will be called for Pretrial conference on April 8, 1976 at 10:00 AM, in Courtroom Two, 12th Floor, Post Office & Courthouse, Boston, Massachusetts.

Unless excused by the Court each party shall be represented at the Pretrial Conference by counsel who will conduct the trial. Counsel shall have full authorization from their clients with respect to settlement and shall be prepared to advise the Court as to the prospects of settlement.

Prior to the Pretrial conference, counsel shall (1) complete all discovery, (2) meet and confer for the purpose of preparing, either jointly or separately, a pretrial memorandum in duplicate for presentation to the Court at least Five Days prior to the Pretrial hearing. The Pretrial memorandum will set forth:

1. a concise summary of the ultimate facts claimed (a) by Plaintiff, (b) by Defendant, (c) by other parties, including damages
  2. the facts established by pleadings or by stipulations or admissions of counsel,
    3. contested issues of fact,
    4. any jurisdictional question,
    5. any questions raised by pending motions,
    6. issues of law, including evidentiary questions,
- together with supporting authority,

7. any requested amendments to the pleadings.
8. any additional matters to aid in the disposition of the action,
9. the probable length of the trial,
10. the names of the witnesses to be called (expert and others),
11. the proposed exhibits.

A party who intends to object to the qualifications of an expert witness, or to the introduction of any proposed exhibit, shall give written notice of the grounds of objection, together with supporting authority, to all other parties, within three days following the pretrial conference, a copy of said notice to be filed with Clerk.

A trial brief, including requests for rulings or instructions, shall be filed by each party in duplicate at the outset of the trial. Each party may supplement such requests at the trial if the evidence develops otherwise than anticipated.

Should a party or his attorney fail to appear at the pretrial or to comply with the directions set out above, an ex parte hearing may be held and judgment of dismissal or default or other appropriate judgment entered or sanctions imposed.

BY ORDER OF THE COURT  
(Tauro, J.)

By:

  
CLERK

JAN 28 1976

JAN 28 1976

FAILURE TO FILE PRE-TRIAL MEMORANDA FIVE DAYS PRIOR TO THE SCHEDULED PRE-TRIAL CONFERENCE WILL RESULT IN DISMISSAL AND/OR DEFAULT.



UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTSF I L E  
CIVIL ACTION  
NO. 74-215-T

BERNARD A. McGEE,	)	
plaintiff	)	MOTION FOR EXTENSION OF TIME TO FILE
vs.	)	PRE TRIAL MEMORANDUM AND POSTPONEMENT
	)	OF TRIAL DATE
JOHN F. CARTER,	)	
defendant	)	

Now comes the defendant, John F. Carter, and respectfully moves this court for an extension of time to file pre trial memorandum and postponement of trial date for the following reasons:

1. Defendant is preparing a writ of certiorari regarding dismissal of the collateral cases civil action no.s 74-4010-S ( John F. Carter v. S.B.E.C. ), 75-3490-S ( John F. Carter v. American Bar Association et al. ).

2. Civil action no. 74-215-T ( McGee v. Carter ), is being made part of the appeal.

3. Due to the substantial heretofore unanswered questions of law involved it is conceivable that the status of c.a.no. 74-215-T, may be effected.

4. Defendant Carter has filed April 5, 1976, a motion for order of reference regarding this court's ruling of defendant Carter motions heard March 26, 1976. Said motion is still pending.

*acknowledged  
memo to be  
filed on or  
before April 30, 1976  
J. Tauro  
4/11/76*

TAURO, D.J.  
Memo to be filed on or before  
May 11, 1976.

By the Court,  
*Daniel F. Loughry III*  
Deputy Clerk

spectfully submitted,

*John F. Carter, pro se*  
O. Box 386  
Chdale, MA 01542  
L. 617-892-9448

*if that I have on this day mailed  
hard Savran, Esquire, Boston, MA.*

JOHN F. CARTER, pro se

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

BERNARD A. McGEE

Plaintiff

VS

CA 74-215-T

JOHN F. CARTER

Defendant

ORDER OF DEFAULTMay 11, 1976TAURO, D.J.

For failure of the Defendant to appear for trial  
this day, as ordered in open Court on March 26, 1976,

IT IS ORDERED that the Defendant be, and he hereby is  
defaulted.

By the Court,

*Daniel F. Loughry III*  
Daniel F. Loughry III  
Deputy Clerk

Enter:

*J. Tauro*  
UNITED STATES DISTRICT JUDGE

APPENDIX G

UNITED STATES COURT OF APPEALS  
FOR THE FIRST CIRCUIT

No. 76-1188.

JOHN F. CARTER,  
Plaintiff, Appellant,

v.

AMERICAN BAR ASSOCIATION, ET AL.,  
Defendants, Appellees.

No. 76-1189.

JOHN F. CARTER,  
Plaintiff, Appellant,

v.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,  
Defendant, Appellee.

ORDER OF COURT

Entered May 5, 1976

Upon consideration of appellant's motion to  
consolidate appeals,

It is ordered that said motion be, and the same  
hereby is, denied.

By the Court:

/s/ Dana H. Gallup  
Clerk.

[cc: Mr. Carter and Messrs. Taylor, Meserve and Murphy.]

APPENDIX G  
CLERK'S OFFICE

United States Court of Appeals  
For the First Circuit

1802 JOHN W. MCCORMACK  
POST OFFICE AND COURTHOUSE  
BOSTON, MASSACHUSETTS 02109

No. 76-1189.

May 5, 1976

JOHN F. CARTER,  
Plaintiff, Appellant,

v.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,  
Defendant, Appellee.

NOTICE

The record on appeal (or on petition to enforce or review) or a certified list was filed today.  
If the parties are unable to agree as to the contents of the appendix to briefs by 3-17-76

, (See F. R. A. P. Rule 30(b)), the appellant's or  
petitioner's designation of contents thereof and his statement of issues are to be served on ap-  
pellee or respondent by said date, and a copy of each document shall be filed with the clerk of this  
court with proof of service. [See also Court of Appeals Rule 11(b) and F. R. A. P. 25(d).]

If appellee, upon receipt of the designation, deems it necessary to include additional items in  
the appendix, he shall serve and file a designation of such items within ten days. [See rules  
cited above.]

TEN ~~Twenty-five~~ copies of brief for appellant or petitioner, with <sup>five</sup> ~~ten~~ copies of appendix and four  
copies of exhibits in volume from, if any, are due to be filed by 6-10-76, with  
proof of service of two copies of the brief and one copy of the appendix and of exhibits in volume  
form, if any, on opposing counsel for each adverse interest.

See F. R. A. P. Rule 32(a) for the requirements as to the form of these documents, including the  
facts that the cover of brief for appellant or petitioner should be blue and that of the appendix, if  
separate, should be white.

Presently it appears that this case may be ready for argument at the coming September, 1976  
session.

Counsel are advised that extensions of time are normally not allowed without timely motion  
for good cause shown.

Dana H. Gallup, Clerk

To John F. Carter, pro se  
P.O. Box 366  
Rochdale, Mass. 01542

Thomas L. Taylor, III, Esquire  
SEC  
c. c. Washington, D.C.

APPENDIX G  
CLERK'S OFFICE  
United States Court of Appeals  
For the First Circuit  
1802 JOHN W. MCCORMACK  
POST OFFICE AND COURTHOUSE  
BOSTON, MASSACHUSETTS 02109

No. 76-1188.

May 5, 1976

JOHN F. CARTER,  
Plaintiff, Appellant,

v.

AMERICAN BAR ASSOCIATION, ET AL.,  
Defendants, Appellees.

NOTICE

The record on appeal (or on petition to enforce or review) or a certified list was filed today.

If the parties are unable to agree as to the contents of the appendix to briefs by 3-17-76

[See F. R. A. P. Rule 30(b)], the appellant's or petitioner's designation of contents thereof and his statement of issues are to be served on appellee or respondent by said date, and a copy of each document shall be filed with the clerk of this court with proof of service. [See also Court of Appeals Rule 11(b) and F. R. A. P. 25(d).]

If appellee, upon receipt of the designation, deems it necessary to include additional items in the appendix, he shall serve and file a designation of such items within ten days. [See rules cited above.]

~~Twenty-five~~ copies of brief for appellant or petitioner, with ~~ten~~ copies of appendix and four copies of exhibits in volume form, if any, are due to be filed by 6-10-76, with proof of service of two copies of the brief and one copy of the appendix and of exhibits in volume form, if any, on opposing counsel for each adverse interest.

See F. R. A. P. Rule 32(a) for the requirements as to the form of these documents, including the facts that the cover of brief for appellant or petitioner should be blue and that of the appendix, if separate, should be white.

Presently it appears that this case may be ready for argument at the coming September, 1976 session.

Counsel are advised that extensions of time are normally not allowed without timely motion for good cause shown.

Dana H. Gallup, Clerk

To John F. Carter, pro se  
P.O. Box 366  
Rochdale, Mass. 01542

c. c. Robert W. Meserve, Esquire  
125 High Street  
Boston, Mass. 02110

Ernest B. Murphy, Esquire  
73 Tremont Street  
Boston, Mass. 02103

APPENDIX G<sup>1</sup>  
UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

CIVIL ACTION  
NO. 74-215-T

BERNARD A. MCGEE,  
Plaintiff

vs.

JOHN F. CARTER,  
Defendant

NOTICE OF APPEAL

NOTICE IS HEREBY GIVEN THAT JOHN F. CARTER, DEFENDANT ABOVE NAMED, HEREBY APPEALS TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT, FROM THE ORDER OF DEFAULT, ENTERED IN THIS ACTION ON THE ELEVENTH DAY OF MAY 1976.

*John F. Carter*  
JOHN F. CARTER, pro se  
P.O. Box 366  
Rochdale, MA 01542  
TEL. 617-892-9448



UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTSCivil Action  
No. 73-1700-C

I. LAM, JR. vs.

V.

JAMES P. CARTER

OPINION

April 17, 1975

LAFREY, Ch.J.

This is a civil action brought for a cause of action alleged to arise under the provisions of 15 U.S.C. 17(1) (15(b)(2) of the Securities Act of 1933).

Plaintiff, William McKey, testified that he is a builder and manager of certain real estate enterprises, who first met defendant during the summer of 1971. At that time plaintiff, who holds a bachelors degree in electrical engineering and a masters degree, was employed as a school teacher in Manchester, New Hampshire. As a result of conversations with defendant, McKey took an examination for and was licensed to sell real estate and insurance in the State of New Hampshire and in the Commonwealth of Massachusetts.

About this time, he went to work for Brokers Diversified Insurance Agency, a corporation controlled by defendant.

Approximately six to twelve months later, defendant formed a corporation called Brokers Diversified Inc. which was engaged in the business of selling stocks and bonds.

This led plaintiff to take and pass an examination given by the National Association of Securities Dealers, which resulted in plaintiff becoming a licensed seller of stocks and bonds.

Plaintiff testified, and I find, that during the summer of 1972, while he was attending sales meetings conducted by both Brokers Diversified Insurance Agency and Brokers Diversified Inc., he learned about a third corporation controlled by the defendant, Brokers Diversified Services Corp. (hereinafter Services).

Plaintiff and defendant had conversations relative to Services during the summer and early fall of 1972.

At about the same time, defendant caused the formation of Brokers Diversified Realty Corporation (Realty), and arrangements were negotiated between plaintiff and defendant for plaintiff to open an office of Realty in Salem, New Hampshire, where plaintiff then resided. In the course of conversations about opening a Salem, New Hampshire office, there was some discussion as to whether defendant would "pick up" some of the expenses incurred as a result of opening this office.

Plaintiff contends that defendant had agreed to reimburse him for these expenses. Defendant denied making any such promise. Both agree that no reimbursement was ever made for the expenses, which plaintiff alleges ran to about \$25,000.

I find that in the course of many conversations in the late summer through early autumn 1972, defendant represented to plaintiff that Services planned to employ a heretofore unused technique for mass marketing fire and automobile insurance. He further represented that by approaching employees of those corporations with large numbers of employees, Services would be able to write a substantial number of policies while offering a 30% discount to newly insured employees of those corporations.

I further find that defendant represented to plaintiff prior to November 1972 that the Securities and Exchange Commission had orally approved the prospectus submitted to it, and that the prospectus was then at the printer and unavailable for him to review. He also represented that the stock of Services would be sold as a public offering, and that plaintiff would be named regional manager of a New Hampshire office to be opened by Services.

I further find that defendant represented to plaintiff that the value of Services stock would increase once the corporations went public.

On November 6, an agreement was made between the parties under the terms of which plaintiff agreed to purchase from defendant 25,000 shares of Services stock at \$2 per share. Prior to making this agreement, I find that plaintiff suggested to defendant that he could obtain the \$50,000 to deposit to make good the check by pledging to plaintiff's bank the 25,000 shares as security for a loan plaintiff would

make for that purpose.

Defendant further represented to plaintiff that plaintiff could sell off some of the stock at a profit as soon as the corporation went public. I find that the parties agreed that upon receipt of plaintiff's check defendant would hold it until plaintiff received from defendant a stock certificate for the 25,000 shares which certificate would adequately cover the amount of that check.

I find that plaintiff never received a stock certificate from defendant for the 25,000 shares. I further find that defendant negotiated the check so promptly that it reached plaintiff's bank on November 13 and was paid on November 14, that plaintiff raised the funds to make good the check by putting up a building and a piece of land as security to his bank for the funds credited as a loan to his checking account and that this loan is still outstanding and that plaintiff is still paying interest on it.

In the negotiations to have plaintiff purchase the stock, I find that material nondisclosures by defendant occurred, namely, that Travelers Insurance Company, a large writer of automobile insurance policies in Massachusetts, had already announced its intention to mass market insurance and also that there was in existence a creditor of Services named McGee.

Approximately four months after giving his check to

15. defendant, plaintiff got a copy of the prospectus for Services from a secretary employed by the defendant. From it plaintiff learned that the prospectus made no mention of Services establishing an office in New Hampshire; that the prospectus did not reflect the \$50,000 paid by plaintiff for the stock; and the existence of shareholder McGee, who held 20,000 shares of Services and who had been promised 7% interest on his purchase price. Upon completion of his examination of the disclosures contained in the prospectus, plaintiff made a demand for rescission of the purchase of stock from defendant and thereafter filed this case.

On the above summary of the evidence, I find that there is a clear violation of 15 U.S.C.A. 77(1) consisting of substantial misrepresentations of material fact and nondisclosures of material fact necessary to make the statements not misleading in light of the circumstances in which they were made, and that plaintiff is entitled to rescission for the purchase of stock and return of his \$50,000.

Several matters defendant complained of orally before or during trial should be noted briefly. Defendant complained that he was "denied" a jury trial, to which complaint the short answer is that there is no claim for a jury trial contained in the file in this case.

In this case, defendant was represented by a Washington, D.C. law firm and then by a Worcester, Massachusetts law firm and therefore had ample opportunity to claim a jury trial during the time period provided in the rules of civil

procedure.

Defendant is a plaintiff in several other cases pending before other judges of this court. If it is a fact, as he claims, that a jury trial was claimed in those cases, such claims are not effective in this case.

Defendant has also made a number of purely hearsay claims alleging a conspiracy by the organized bar denying him representation because he brought the above-mentioned suits against the SEC and some of its employees. The short answers to that claim are first, that no credible or admissible evidence has been offered to substantiate this claim other than plaintiff's theorization about the alleged conspiracy, and secondly that the papers in this case show that the Worcester law firm withdrew for the practical reason that defendant failed to pay his bills for legal services which is certainly not evidence of a conspiracy of the type complained of.

Accordingly, I find and rule that plaintiff is entitled to judgment against defendant for \$50,000 with interest and costs.

ANDREW A. CAFFEY

Andrew A. Caffrey, Ch.J.



APPENDIX H

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

Civil Action  
No. 73-1700-C

WILLIAM L. DICKEY

v.

JOHN F. CARTER

JUDGMENT

April 17, 1975

In accordance with the opinion handed down this date,  
it is

ORDERED:

Judgment for the plaintiff in the  
amount of \$50,000 with interest  
and costs.

By the Court,

Deputy Clerk

Andrew A. Caffrey, Ch.J.

APPENDIX H<sup>1</sup>

WILLIAM L. DICKEY

JOHN F. CARTER

Richard A. Savrann  
1 Court Street  
Boston, Mass. 227-9350  
Hemall, Savrann & Miller

John F. Carter, Pro Se  
600 Lincoln Street, 12th Floor, Boston, Mass.  
Worcester, Mass. 600 Lincoln Street, 12th Floor, Boston, Mass.  
723-8000

Richard A. Savrann, Esq.  
Hemall, Savrann & Miller, Inc.  
723-8000

973  
y 31 Complaint filed.  
31 Summons issued.  
me 29 Answer of John F. Carter filed, c/s  
pt. 21 Motion of plttf. for preliminary inj. filed. Plttf.'s affidavit filed, c/s  
26 Opposition of deft. Carter to plttf.'s motion for a preliminary inj. filed. c/s  
974  
p. 12 Plttf.'s notice of taking deposition of Mr. John F. Carter on Oct. 8, 1974 at 10:00 A.M. filed.  
c. 5 Notice of withdrawal of appearance of Abodcoly, Baylis & Revell, Inc. as attys. for the deft. filed. c/s  
975  
no. 27 Motion of deft., John F. Carter to consolidate case with 74-2263-S filed.  
pril 15 CAFFREY, CH. J. Civil Non-Jury trial begins--opening by Plttf--Trial Brief by Plaintiff--evidence--Plttf rests--Deft Evidence--deft rests. Case taken under advisement.

LD STATES DISTRICT COURT DOCKET

FILED COPY

UNITED STATES DISTRICT COURT FOR

I hereby attest and certify on  
5-24-75 that the  
foregoing document is a full,  
true and correct copy of the  
original on file in my files,  
and in my legal custody.

By: *[Signature]*  
Deputy Clerk

APPENDIX H<sup>1</sup>

costs. Copies to counsel and West Publishing Co.

- 17 CAFFEY, CH. J. JUDGMENT ENTERED. In accordance with the opinion handed down this date it is Ordered: Judgment for the plaintiff in the amount of \$50,000 with interest and costs. Copies to counsel.

Apr 25 Defts Notice of Appeal filed. Cpy to counsel

May 21 Certified copy of docket entries and original pleadings delivered to the Court of Appeals.

5-01-73 FROM NASH 15.00  
6-1-73 TO TRES. 15.00  
5-01-73 TO TRES. 5.00  
5-01-73 TO TRES. 5.00

CASH ACCOUNT

APPENDIX H<sup>2</sup>



Brokers Diversified Services Corporation

600 LINCOLN STREET • WORCESTER MASSACHUSETTS, 01605  
617-852-0090

July 28, 1975

Mr. Edward Grace  
Court Reporter  
U. S. District Court  
U. S. Post Office & Courthouse Building  
Boston, Massachusetts

Re: Civil Action No. 73-1700-C  
Transcript

Dear Mr. Grace:

Last April 23, 1975, you assured me that I would receive the above transcript within two weeks. You were subsequently contacted May 22, 1975 and June 30, 1975, regarding said transcript. Each time we were assured by you that we would receive the transcript within a week or two.

As you know, there are several related cases pending trial in this court. Am I to be denied an appeal decision in this matter so as to effect the status of the related cases?

Please advise.

Very truly yours,

*John F. Carter*

John F. Carter

rk

APPENDIX H<sup>3</sup>  
GENERAL DOCKET  
UNITED STATES COURT OF APPEALS  
FOR THE  
FIRST CIRCUIT

APPEAL FROM  
UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS  
CASE NO. 75 1170

TITLE OF CASE	ATTORNEYS FOR APPELLANT
WILLIAM L. DICKEY, Plaintiff, Appellee,  v.  JOHN F. CARTER, Defendant, Appellant.	John F. Carter, Pro Se 600 Lincoln Street Worcester, MA 852-0080  Conrad W. Fisher, Esquire 47 Harvard Street Worcester, MA 01608 791-3466
	ATTORNEYS FOR APPELLEE
	Richard A. Savrann, Esquire One Court Street Boston, MA 227-9350

No. BELOW: C.A. 73-1700-C

JUDGE BELOW: Caffroy, J.

DATE OF JUDGMENT: April 17, 1975

NOTICE OF APPEAL FILED: April 25, 1975

[Securities Act: Misrepresentations.]

DATE	ACCOUNT OF APPELLANT	Received	Disbursed	REMARKS
1975				
May 23	John F. Carter, Pro Se	50 00		FEE
May 27	Treasurer of the United States		50 00	
		50.00	50.00	B&A 6-2-75

APPENDIX H<sup>3</sup>  
UNITED STATES COURT OF APPEALS  
FOR THE  
FIRST CIRCUIT

CASE NO.	75 1170	WILLIAM L. DICKEY V. JOHN F. CARTER.
DATE	1975	FILINGS-PROCEEDINGS
May 21	Record on appeal received and filed and case docketed. Supplemental certificate to record on appeal consisting of exhibits received and filed.	
May 23	Appearance of John F. Carter, pro se, filed.	
May 27	Appearance of Richard A. Savrann for appellee, filed.	
May 29	Motion filed. Order (Coffin, Ch.J.) enlarging time for filing statement and designation to July 2, 1975, and enlarging time for filing appendix and brief for appellant to July 25, 1975. Notices Mailed.	
June 30	Motion filed. Order (Coffin, Ch.J.) enlarging time for filing statement and designation to August 6, 1975, and enlarging time for filing appendix and brief for appellant to September 27, 1975. Notices mailed.	
July 31	Motion filed. Order (Coffin, Ch.J.) enlarging time for filing statement and designation to September 4, 1975 and further enlarging time for filing appendix and brief to September 25, 1975. Notices mailed.	
Aug. 11	Appearance of Conrad W. Fisher for appellant filed.	
Aug. 29	Motion filed. Order (Coffin, Ch.J.) enlarging time for filing statement and designation to September 16, 1975, and enlarging time for filing appendix and brief for appellant to October 16, 1975. Notices mailed.	
Sept. 5	Order (Coffin, Ch.J. and McEntee, J.) dismissing appeal as of 9-15-75 if no affidavit filed by appellant. Notices mailed.	
Sep. 10	Affidavit of payment for the transcript filed. Supplement to record on appeal consisting of one volume of transcript filed.	
Sept. 25	Motion, assented to, filed. Order (Coffin, Ch.J.) granting leave to Conrad W. Fisher to withdraw temporarily for the purpose of reproduction certain exhibits. Notices mailed.	
Sept. 30	Statement of issues and designation of contents filed. Motions filed. Order (Coffin, Ch.J.) granting leave to the parties to refer to Exhibit No. 2 denying motion to refer to transcript etc. Notices mailed.	

BEST COPY AVAILABLE



APPENDIX H<sup>4</sup>

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS  
FOR THE FIRST CIRCUIT

No. 75-1178

WILLIAM L. DICKEY,  
Plaintiff, Appellee,  
v.  
JOHN F. CARTER,  
Defendant, Appellant.

APPEAL FROM THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS  
(Hon. Andrew A. Caffrey, U.S. District Judge)

Before Coffin, Chief Judge,  
McEntee and Campbell, Circuit Judges.

Conrad W. Fisher, with whom Fisher & Helfenbein was on brief,  
for appellant.

Richard A. Savrann, with whom Kunian, Savrann, Miller & Grossman  
was on brief, for appellee.

January 21, 1976

APPENDIX H<sup>4</sup>

Per Curiam. Defendant, John F. Carter, appeals from the district court's judgment for plaintiff, William L. Dickey. In an action tried to the district court without a jury, the district court concluded that defendant had made several misrepresentations and non-disclosures of material facts in connection with the sale of securities within the meaning of § 12(2) of the Securities Act of 1933, 15 U.S.C. § 77(1), and it entered a judgment for plaintiff for \$50,000, the amount plaintiff had paid defendant for the securities.

Under § 12(2) a purchaser of a security may recover the consideration paid for it if the sale was made by reason of a prospectus or oral communication which included an untrue statement of a material fact or omitted to state a material fact necessary to render the statement not misleading. The major issue in this appeal is whether there was sufficient evidence in the record supporting the district court's conclusion that the sale in question fell within the ambit of § 12(2).

The district court found several separate violations of § 12(2) in connection with the sale of 25,000 shares of a company controlled by defendant, Brokers Diversified Services Corporation ("Services"). Although some of the district court's findings may be vulnerable to attack, we are satisfied that there is sufficient evidence in the record to support at least one of the violations the district court found. Plaintiff testified that, in conversations leading to his investment of \$50,000 (\$2 per share) in the stock of Services, defendant told him not only that the corporation contemplated a "unique" method of mass marketing automobile insurance, but also that it was "the only company that could mass market fire and casualty insurance". The district court found that this statement was misleading, if not untrue, since "Travelers Insurance Company ["Travelers"]", a large writer of automobile insurance policies in Massachusetts, had already announced its intention to mass market insurance".

and that defendant's failure to disclose Travelers' acts constituted a non-disclosure of a material fact and hence, since plaintiff had otherwise made out his case, he was entitled to recover under § 12(2).

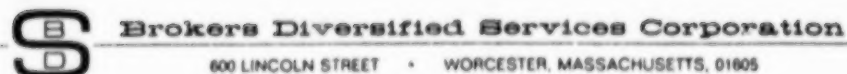
Defendant attacks the district court's determination on two grounds. First, he contends that there was no evidence in the record supporting the factual premise of the district court's conclusion: that is, that Travelers had announced its intention to mass market fire and casualty insurance. It is true that the record contains no evidence that directly supports a finding regarding Travelers' activities. The only place in which Travelers' name appears in the record is in a question put to plaintiff by his counsel. Although this question plainly assumed that Travelers had planned a mass-marketing scheme, neither plaintiff's answer to the question nor any other evidence in the record would support a finding regarding Travelers' activities as such. However, the record does contain an SEC order that temporarily suspended defendant's exemption under Regulation A and this order rested, in part, on defendant's failure to disclose that the Massachusetts Insurance Commissioner had approved a plan for the mass marketing of insurance by one of the largest insurance companies in Massachusetts. Thus, although the district court perhaps had no basis for specifically referring to Travelers, there is sufficient evidence in the record supporting the district court's ultimate conclusion that defendant's representations were misleading and that a material non-disclosure had been made.

Second, defendant maintains that plaintiff cannot recover because he failed to prove that he exercised good faith, acted with due diligence, and relied upon the misrepresentations of the defendant. We reject this contention since it is clear

that a plaintiff need not prove any of these elements in order to recover under § 12(2). See Gilbert v. Nixon, 429 F.2d 348, 356-57 (10th Cir. 1970). It is enough that plaintiff established that he was excusably ignorant of the statement's falsity. Id.

Defendant also asserts that the court erred in refusing to grant him a trial by jury. It appears that defendant was represented by counsel at the stage of the proceedings in which a jury trial must be demanded, but defendant did not claim his right within the time prescribed by the federal rules of civil procedure. Fed. R. Civ. P. 38(d). Defendant contends that since the jury was already empaneled, and because he had expressed his dissatisfaction with his earlier counsel by instituting suit against such counsel, the action of the court in refusing to grant his belated claim for trial by jury constituted an abuse of discretion. Such contention falls far short of raising any question of abuse of discretion in our minds.

The judgment is affirmed.



Brokers Diversified Services Corporation

600 LINCOLN STREET • WORCESTER, MASSACHUSETTS, 01605  
617-852-0080

January 29, 1976

Mr. Conrad W. Fisher, Esquire  
Fisher & Helfenbein  
47 Harvard Street  
Worcester, MassachusettsRE: Petition for Rehearing  
75-1178

Dear Mr. Fisher:

Further to our telephone conversation 1/28/76, regarding my answers to United States Court of Appeals' decision and the inclusion of said answers in your petition for rehearing in case no. 75-1178.

Decision:

The district court found several separate violations of § 12(2) in connection with the sale of 25,000 shares of a company controlled by defendant, Brokers Diversified Services Corporation ("services"). Although some of the district court's findings may be vulnerable to attack, we are satisfied that there is sufficient evidence in the record to support at least one of the violations the district court found. Plaintiff testified that, in conversations leading to his investment of \$50,000 (\$2 per share) in the stock of Services, defendant told him not only that the corporation contemplated a "unique" method of mass marketing automobile insurance, but also that it was "the only company that could mass market fire and casualty insurance". The district court found that this statement was misleading, if not untrue, since "Travelers Insurance Company ("Travelers"), a large writer of automobile insurance policies in Massachusetts, had already announced its intention to mass market insurance", and that defendant's failure to disclose Travelers' acts constituted a non-disclosure of a material fact and hence, since plaintiff had toherwise made out his case, he was entitled to recover under § 12(2).

Answers:

Brokers Diversified Services Corp. was incorporated in 5/72 and registered with the Securities and Exchange Commission in 6/72, at the time of the Dickey stock purchase (November 1972), the company and I, were unaware of any other formal company mass marketing insurance. However, it should be noted that Brokers Diversified Services Corp. was formed largely because of consumer and industry trends which indicated that mass marketing of insurance was imminent.

Mr. Conrad W. Fisher, Esquire -2- January 29, 1976

I have never seen any literature to dispute Brokers Diversified Services Corp. claim as the first known entity of its kind, as a matter of fact, an authority no less than the Securities and Exchange Commission directed firm's counsel to insert that very clause in the Brokers Diversified Services Corp. circular offering (page 4) under Risk Factors To Be Considered, as a warning to prospective investors. (exhibit A).

As the first independent (non-insurance affiliate) entrant into the Insurance Industry, Brokers Diversified Services Corp., method of Mass Marketing Auto and Fire Insurance was indeed unique, namely:

## (1) Control of accounts to Insurance Broker:

Brokers prefer to have their corporate accounts administered by an independent computer company rather than an insurance controlled affiliate or subsidiary computer company. Since, Brokers Diversified Services Corp. merely administered the mass marketing program the insurance broker was free to switch insurance companies as he saw fit. (exhibit B).

## (2) Wholesale insurance:

As an independent computer company (not interested in selling insurance) Brokers Diversified Services Corp., could offer a large corporate account the opportunity of a further discount through a direct placement (non-broker involvement) with an insurance company. (exhibit C).

Further remarks regarding it was, "the only company that could mass market fire and casualty insurance", cannot be taken seriously, since, Dickey has an MBA and taught computer science at a secondary level. (Transcript).

It should be further noted that prior to the stock purchase Dickey, was a licensed insurance broker and registered stock broker. Dickey personally, and with his salesmen, field tested the Brokers Diversified Services Corp. mass marketing concept by making calls on industry. Dickey was totally familiar and informed in all facets of the Brokers Diversified Services Corp. strategies.

That Dickey was considered fully informed and a sophisticated buyer is attested by the Securities and Exchange Commission approval of the sale. (Appellant Brief)

Further remarks regarding, "Travelers Insurance Company ("Travelers"), a large writer of automobile insurance policies in Massachusetts, had already announced its intention to mass market insurance." (exhibit D) The Globe article, 2/28/73, was the first indication that I had on the Travelers plan. The announcement coming four months after the Dickey sale and nine months after the forming of Brokers Diversified Services Corp.



Decision:

Defendant attacks the district court's determination on two grounds. First, he contends that there was no evidence on the record supporting the factual premise of the district court's conclusion: that is, that Travelers had announced its intention to mass market fire and casualty insurance. It is true that the record contains no evidence that directly supports a finding regarding Travelers' activities. The only place in which Travelers' name appears in the record is in a question put to plaintiff by his counsel. Although this question plainly assumed that Travelers had planned a mass marketing scheme, neither plaintiff's answer to the question nor any other evidence in the record would support a finding regarding Travelers' activities as such. However, the record does contain an SEC order that temporarily suspended defendant's exemption under Regulation A and this order rested, in part, on defendant's failure to disclose that the Massachusetts Insurance Commission had approved a plan for the mass marketing of insurance by one of the largest insurance companies in Massachusetts. Thus, although the district court perhaps had no basis for specifically referring to Travelers, there is sufficient evidence in the record supporting the district court's ultimate conclusion that defendant's representations were misleading and that a material non-disclosure had been made.

Answer:

It would appear that although the Appeals Court is relying on an SEC order, (which is clearly erroneous) to uphold the self serving remarks of Dickey, they (Appeals Court) are placing little or no value on the SEC letter to firm's counsel (November 13, 1972), granting approval of said stock purchase on the basis that Dickey qualified in their (SEC) opinion as a fully informed and sophisticated investor.

Decision:

Second, defendant maintains that plaintiff cannot recover because he failed to prove that he exercised good faith, acted with due diligence, and relied upon the misrepresentations of the defendant. We reject this contention since it is clear that a plaintiff need not prove any of these elements in order to recover under § 12(2). See Gilbert v. Nixon, 429 F. 2d 348, 356-57 (10th Cir. 1970). It is enough that plaintiff established that he was excusably ignorant of the statement's falsity. Id.

Answer:

Prior to the stock purchase, Dickey held the following licenses:

- A licensed stock broker.
- A licensed insurance and real estate broker.
- A General Partner in Triangle Investment Associates.

As a licensed insurance broker he was completely familiar with the competitive Insurance Industry, also, Dickey enjoyed an added advantage, (as an investor), he was totally familiar with computers and recognized the marketing advantages of Brokers Diversified Services Corp.

Since, Dickey received a copy of the circular offering prior to his purchase further attention should be directed to page 3 of the circular offering under the heading of competition:  
" The casualty insurance industry is highly competitive and while the Company is not aware of any other mass marketing programs under development, the Company could become subject to competition from competitors who may be larger and have greater financial resources and personnel than the Company."

I would appreciate your office notifying me so that I may read the petition for rehearing prior to your submitting the same.

Very truly yours,

*John F. Carter*  
John F. Carter

rk

UNITED STATES COURT OF APPEALS  
FOR THE FIRST CIRCUIT

WILLIAM L. DICKEY,	)	NO. 75-1178
Plaintiff/Appellee	)	
	)	
V.	)	PETITION FOR
	)	<u>RE-HEARING</u>
JOHN F. CARTER,	)	
Defendant/Appellant	)	

Now comes the Petitioner, Defendant/Appellant John F. Carter, in the above-entitled matter and, in accordance with Local Rule 15 of the United States Court of Appeals for the First Circuit, by way of introduction states that the matter addressed in this Petition was not presented during oral argument, the reason being that the particular reference in question to which this Honorable Court referred in its Decision was issued and dated approximately sixteen months after the transaction which was the subject matter of the litigation in the United States District Court took place. The Petitioner, Defendant/Appellant John F. Carter, respectfully moves that the Decision of this Honorable Court dated January 21, 1976 be reconsidered on the following basis and of such memorandum as counsel for the Plaintiff/Appellee, William L. Dickey, may submit:

The Court stated in its Opinion that the "Defendant attacks the district court's determination on two grounds. First, he contends that there was no evidence in the record supporting the factual premise of the district court's conclusion: that is, that Travelers had announced its intention to mass market fire and casualty insurance. It is true that the record contains no evidence that directly supports a finding regarding Travelers' activities. The only place in which Travelers' name appears in the record is in a question put to plaintiff by his counsel. Although this question plainly assumed that Travelers had planned a mass-marketing scheme, neither plaintiff's answer to the question nor any other evidence in the record would support a finding regarding Travelers' activities as such. However, the record does contain an SEC order that temporarily suspended defendant's exemption under Regulation A and this order rested, in part, on defendant's failure to disclose that the Massachusetts Insurance Commissioner had approved a plan for the mass marketing of insurance by one of the largest insurance companies in Massachusetts. Thus, although the district court perhaps had no basis for

specifically referring to Travelers, there is sufficient evidence in the record supporting the district court's ultimate conclusion that defendant's representations were misleading and that a material non-disclosure had been made."

It is respectfully submitted, however, that the SEC order referred to by the Court (Appendix 20, 21) was issued on February 12, 1974, approximately sixteen months after the transaction between the parties to this case which took place on November 7, 1972 (Appendix 18) and that it appears from that order that the announcement by Travelers Insurance Company of the existence of a plan which was approved by the Massachusetts Insurance Commissioner for the mass marketing of auto insurance by one of the largest insurance companies in the Commonwealth of Massachusetts was not made until after the representations of the Defendant/Appellant Carter which were alleged to have been misleading or improperly laconic in this case.

It is respectfully submitted that at the time of the representations which form the basis for the trial judge's findings, Defendant/Appellant Carter could not have known of the Travelers' announcement or offering or of the announcement or the existence of a plan

approved by the Massachusetts Insurance Commissioner and could therefore not have been guilty at that time of intentional misrepresentation.

Chapter 1098 of the Acts of 1973 of the Commonwealth of Massachusetts amended General Laws, Chapter 175, said Act authorizing the group marketing of automobile and homeowners insurance, the effective date being November 28, 1973.

It is therefore respectfully submitted that it would be appropriate for this Honorable Court to re-examine the schedule of operative dates and, based on its revised schedule, reconsider the decision rendered on this appeal and allow this Petition.

Respectfully submitted,

*Conrad W. Fisher*

CONRAD W. FISHER, ESQ.  
Attorney for Defendant/Appellant

FISHER & HELFENBEIN  
47 HARVARD STREET  
WORCESTER, MA 01608  
TEL.: (617) 791-3466



APPENDIX H<sup>6</sup>

CERTIFICATE OF SERVICE

I, Conrad W. Fisher, attorney for  
 Defendant/Appellant John F. Carter, hereby certify  
 that I have forwarded a copy of the within Petition  
 for Re-Hearing in the matter of William L. Dickey  
 v. John F. Carter, U. S. Court of Appeals No. 75-1178  
 to Richard A. Savrann, Esq., 1 Court Street, Boston,  
 MA 02108, attorney for Plaintiff/Appellee William L.  
 Dickey, postage prepaid, this fourth day of February,  
 1976.

*Conrad W. Fisher*  
 CONRAD W. FISHER

FISHER & HELFENBEIN  
 47 HARVARD STREET  
 WORCESTER, MA 01608  
 TEL.: (617) 791-3466

APPENDIX H<sup>7</sup>  
 UNITED STATES COURT OF APPEALS  
 FOR THE FIRST CIRCUIT

WILLIAM L. DICKEY,	)	NO. 75-1178
Plaintiff/Appellee	)	
	)	Defendant/Appellant ANSWER
v.	)	TO Plaintiff/Appellee
	)	MEMORANDUM IN OPPOSITION TO
JOHN F. CARTER,	)	PETITION FOR RE-HEARING
Defendant/Appellant	)	

Now comes the Petitioner, Defendant/Appellant,  
 JOHN F. CARTER, in the above-entitled matter and, in accordance  
 with Local Rule 15 of the United States Court Of Appeals For  
 The First Circuit offers his answer To Plaintiff/Appellee's  
 Memorandum In Opposition To Petition For Re-Hearing.

The Petitioner, Defendant/Appellant, John F. Carter  
 states that the matter addressed in this Petition was not  
 presented during oral argument nor was it made part of this  
 Court's opinion (January 21, 1976).

Plaintiff/Appellee stated in his 2/12/76 Memorandum  
 that, "Petitioner fails to mention the second material  
 non-disclosure found by the Trial Court, namely: that there  
 was in existence a creditor of Services named McGee. The Court  
 later stated that the Appellee discovered the existence of McGee  
 from the prospectus for Services which he obtained months after  
 buying stock from the Appellant. This non-disclosure is amply  
 supported by the record and alone justifies the Trial Court's  
 findings."

It is respectfully submitted that at the time of the  
 representations which form the basis for the Trial Judge's  
 findings, McGee was not a creditor of Services and that McGee .

APPENDIX H<sup>7</sup>

did not become a creditor of Services until June 13, 1973, (Plaintiff's Exhibit 6), approximately eight months after the Dickey stock transaction which took place on November 7, 1972 (appendix 18).

As previously noted by this Court in its opinion, "Although some of the District Court's findings may be vulnerable to attack, we are satisfied that there is sufficient evidence in the record to support at least one of the violations the District Court found."

I respectfully submit that that has proven to be an erroneous assumption on the part of the Court and that there is nothing in the record to support that assumption.

The Petitioner, Defendant/Appellant, John F. Carter, further states that justice too long delayed is justice denied and respectfully requests this Honorable Court to re-examine the facts and re-consider the decision rendered on this appeal and allow this Petition.

Respectfully submitted,

BY:

*John F. Carter*  
JOHN F. CARTER, pro se  
600 Lincoln Street  
Worcester, MA 01605  
TEL. 617-852-0080

APPENDIX H<sup>8</sup>

UNITED STATES COURT OF APPEALS  
FOR THE FIRST CIRCUIT



No. 75-1178

WILLIAM L. DICKEY,  
Plaintiff, Appellee,

v.

JOHN F. CARTER,  
Defendant, Appellant.

REC'D MAY 22 1976

MEMORANDUM AND ORDER

Entered March 3, 1976

Before Coffin, Chief Judge,  
McEntee and Campbell, Circuit Judges.

Petitioner has misread the SEC order to which we referred. While dated long after his representations, the report refers to the notification and offering circular, filed on June 14, 1972, a time considerably antedating the representations. The Commission's suspension action was partly based on what it deemed reasonable basis to believe that the above documents omitted the material facts of the existence of a large insurance company's plan to mass market auto insurance and the approval of that plan by the Massachusetts Insurance Commissioner. The inclusion of these facts was necessary to "make the statements made in the light of the circumstances under which they were made not misleading". Although petitioner

The petition is denied.

Dana H. Hallups  
Clerk.

(cc: Messrs. Fisher and Gavran.)

APPEAL FROM		CASE NO.		
SECURITIES AND EXCHANGE COMMISSION				
<p><b>TITLE OF CASE</b></p> <p>JOHN F. CARTER ET AL., Petitioners,</p> <p>v.</p> <p>SECURITIES AND EXCHANGE COMMISSION, Respondent.</p>		<p><b>ATTORNEYS FOR APPELLANT</b></p> <p>Conrad W. Fisher, Esquire Fisher &amp; Helfenbein 47 Harvard Street Worcester, MA 01608 791-3466</p>		
		<p><b>ATTORNEYS FOR APPELLEE</b></p> <p>David Ferber, Esquire Thomas L. Taylor, III, Esquire Securities &amp; Exchange Commis 500 N. Capitol Street Washington, D.C. 202-755-14</p>		
<p>NO. BELOW: 8-16841 and 801-8808-1</p> <p>JUDGE BELOW: -----</p> <p>DATE OF JUDGMENT: Order May 1, 1975</p> <p>NOTICE OF APPEAL FILED: -----</p> <p>[Petition for review]</p>				
DATE	ACCOUNT OF APPELLANT	Received	Disbursed	REMARKS
June 30	Fisher & Helfenbein	50.00		
July 1	Treasurer of the United States	50.00	50.00	



## APPENDIX I

UNITED STATES COURT OF APPEALS  
FOR THE  
First CIRCUIT

CASE NO.	1232	JOHN F. CARTER ET AL. v. SECURITIES AND EXCHANGE COMMISSION
DATE	FILINGS—PROCEEDINGS	Filed
June 30, 1975	Petition for review filed.	
July 8	Appearance of Conrad W. Fisher, Esquire for petitioner filed.	
July 9	Appearance of David Ferber and Thomas L. Taylor, III, filed. Notice, service acknowledged, returned and filed.	
Aug. 11	Motion filed. Order (Coffin, Ch. J.) granting leave to file record of administrative proceedings on or before August 18, 1975. Notices mailed.	
Aug. 18	Certified copy of record filed.	
Aug. 29	Statement of issue and agreement as to designation filed.	
Sep. 2	Petitioner's motion for restraining order pending appeal filed.	
Sep. 5	Motion filed. Order (Coffin, Ch. J.) enlarging time for filing brief and appendix of appellant to Oct. 2, 1975, and directing case to remain on the November, 1975, list. Notices mailed.	
Sep. 17	Motions filed and affidavit attached thereto filed. Order (Coffin, Ch. J.) requiring response re representation for corporations etc.	
Sep. 22	Pro se petitioner's response to September 17 order of court, filed.	
Sep. 24	Response of Attorney Fisher to September 17 order of court, filed.	
Oct. 1	Order (Coffin, Ch. J.) directing Carter to file affidavit re stockholdings. Notices mailed.	
Oct. 15	Motion filed. Order (Coffin, Ch. J.) denying motion to file a new petition for review. Notices mailed.	
Oct. 30	Motion to amend petition for review filed.	
Nov. 6	Order (Coffin, Ch. J.) dismissing petition for review for failure to comply with this court's order of October 1, 1975. Notices mailed.	

APPENDIX I<sup>1</sup>UNITED STATES COURT OF APPEALS  
FOR THE FIRST CIRCUIT

No. 75-1232.

JOHN F. CARTER ET AL.,  
Petitioners,

v.

SECURITIES AND EXCHANGE COMMISSION,  
Respondent.

## ORDER OF COURT

Entered September 17, 1975

While reserving action on the motion of counsel for petitioners for leave to withdraw, and the motion for further enlargement of time, this court notes that an individual, who is not an attorney, is unable to represent corporations and others than himself, and the court therefore directs petitioner and his counsel to respond, by September 24, 1975, as to how each of the four petitioners herein would proceed if the present counsel for petitioners were allowed to withdraw.

By the Court:

/s/ Dana H. Gallup  
Clerk.

[cc: Messrs. Fisher, Taylor, and Carter.]

BEST COPY AVAILABLE

APPENDIX I<sup>2</sup>

UNITED STATES COURT OF APPEALS

DISTRICT OF MASSACHUSETTS

JOHN F. CARTER,	)
BROKERS DIVERSIFIED, INC.	) NO. 75-1232
WELLESLEY MANAGEMENT CORP.	)
BROKERS DIVERSIFIED SERVICES CORP.,	) MOTION IN RESPONSE TO
Petitioners	) COURT'S REQUEST
	) CONCERNING COUNSEL'S
V.	) REQUEST FOR LEAVE TO
	) WITHDRAW
UNITED STATES SECURITIES AND	)
EXCHANGE COMMISSION,	)
Respondent	)

Now come the petitioners in the above-entitled matter, and counsel, and in response to the Court's direction concerning the motion of counsel for leave to withdraw, counsel for the petitioners states that with respect to the three corporations listed as petitioners in the Petition for Review that the corporations in question, according to counsel's best information obtained from John F. Carter, are now under the complete control of John F. Carter, and that John F. Carter is the major stockholder and is the controlling party with respect to said corporations. Counsel for the petitioners further states that on information received from John F. Carter, that John F. Carter owns 98% of the stock of Brokers Diversified, Inc.; 91% of the stock of Wellesley Management Corp.; and approximately 78% of the stock of Brokers Diversified Services Corp.

APPENDIX I<sup>2</sup>

-2-

Therefore, counsel moves that John F. Carter be permitted to proceed pro se with respect to himself and further that he be permitted to appear on behalf of the other petitioners named herein.

JOHN F. CARTER, ET ALS

BY: Conrad W. Fisher  
CONRAD W. FISHER  
THEIR ATTORNEY

FISHER & HELFENBEIN  
47 HARVARD STREET  
WORCESTER, MA 01608  
TEL.: (617) 791-3466

CERTIFICATE OF SERVICE

I, Conrad W. Fisher, hereby state that I have mailed a copy of the within motion postage prepaid to John F. Carter, 600 Lincoln Street, Worcester, Massachusetts 01605 and to Thomas Taylor, Esquire, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549 on September 24, 1975.

APPENDIX I<sup>3</sup>

UNITED STATES COURT OF APPEALS  
FOR THE FIRST CIRCUIT

No. 75-1232.

JOHN F. CARTER ET AL.,  
Petitioners,

v.

SECURITIES AND EXCHANGE COMMISSION,  
Respondent.

ORDER OF COURT

Entered October 1, 1975

The court takes notice of the representations of the appellant in case No. 75-1178, and directs Mr. John F. Carter to file an affidavit in this case showing all the stockholders' interests in all of the petitioning corporations, and also to indicate why there could not be any possibility of an adverse interest among any of the stockholders.

The said affidavit is to be filed on or before October 15, 1975, unless before that time a new attorney has entered an appearance for petitioner, in which case the affidavit will not be necessary.

By the Court:

/s/ Dana H. Gallup  
Clerk.

[cc: Messrs. Fisher, Taylor & Carter.]

APPENDIX I<sup>4</sup>

UNITED STATES COURT OF APPEALS  
FOR THE FIRST CIRCUIT

JOHN F. CARTER, ET AL.,

Petitioners

vs.

75-1232

SECURITIES AND EXCHANGE COMMISSION,

Respondent

MOTION TO FILE A NEW PETITION FOR REVIEW

Now comes the Petitioner John F. Carter in the above -  
entitled matter and respectfully moves that this Honorable  
Court grant him permission to file a new Petition for Review.

In Support Of Motion

On September 19, 1975, Petitioner John F. Carter wrote  
a letter to Conrad W. Fisher, Esquire the contents of which are  
enclosed;

September 19, 1975

Mr. Conrad W. Fisher, Esquire  
Fisher & Helfenbein  
47 Harvard Street  
Worcester, Massachusetts

RE: Civil Action No. 75-1232  
John F. Carter, et al. vs. Securities and Exchange Commission

Dear Mr. Fisher:

Further to Mr. Gallup's Request, September 17, 1975, "this court notes that an individual, who is not an attorney, is unable to represent corporations and others than himself, and the court therefore directs petitioner and his counsel to respond, by September 24, 1975, as to how each of the four petitioners herein would proceed if the present counsel for petitioners were allowed to withdraw".

It would appear that the Court of Appeals will deny your withdrawal of appearance. Should that be the case I haven't any objections to your representing the corporations.



APPENDIX I<sup>4</sup>

However, I will insist on the following:

1. Filing a new amended Petition for Review.
2. Under no circumstances will we petition the courts for "another Securities and Exchange Commission hearing".
3. We will ask the Appeals Court to overturn the S.E.C. ruling - win or lose - nothing else.
4. Since, you have expressed your concern, "I do not intend to be sanctioned", I will represent myself and argue the merit of the Conspiracy and Extortion allegations set forth in the new Petition for Review and collectively attack the probity of the Commission and their agents with respect to this matter.

Please advise.

Very truly yours,

John F. Carter

cc: Messrs. Taylor and Gallup

I also make reference to;

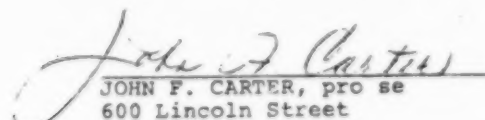
Exhibit A, C.A. No. 75-1178, Dickey vs. Carter, Motion for

enlargement of time, and;

Exhibit B, "If the system works, why can't he get a lawyer".

Petitioners are presently without counsel. This Motion is made on the assumption that the approval to file a new Petition For Review will be in the best interest of justice.

Respectfully submitted.


  
JOHN F. CARTER, pro se  
600 Lincoln Street  
Worcester, MA 01605  
Tel: (617) 852-0080

APPENDIX I<sup>4</sup>

COMMONWEALTH OF MASSACHUSETTS  
WORCESTER, SS.

Then personally appeared before me the above named JOHN F. CARTER and made oath that the foregoing was true to the best of his knowledge and belief.

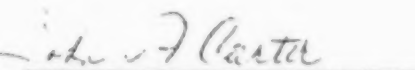
October 13, 1975

  
NOTARY PUBLIC  
My commission expires .....  
*Sent 15 1979*

CERTIFICATE OF SERVICE

I, JOHN F. CARTER, hereby certify that on this day I mailed a copy of the above Motion to the Respondent, by mailing the said copy to the Respondent's attorney, Thomas Taylor III, Esquire, Securities and Exchange Commission, 500 No. Capital Street, Washington, D. C.

October 13, 1975

  
JOHN F. CARTER, pro se  
600 Lincoln Street  
Worcester, MA 01605  
TEL: (617) 852-0080

APPENDIX I<sup>5</sup>

UNITED STATES COURT OF APPEALS  
FOR THE FIRST CIRCUIT

No. 75-1232.

JOHN F. CARTER ET AL.,  
Petitioners,

v.

SECURITIES AND EXCHANGE COMMISSION,  
Respondent.

ORDER OF COURT

Entered October 15, 1975

Upon consideration of petitioners' motion to file a new petition for review,

It is ordered that said motion be, and the same hereby is, denied as the court is without power to enlarge the statutory time for filing a petition for review.

By the Court:

/s/ Dana H. Gallup  
Clerk.

[cc: Messrs. Fisher, Taylor and Carter.]

APPENDIX I<sup>6</sup>

UNITED STATES COURT OF APPEALS  
FOR THE FIRST CIRCUIT

JOHN F. CARTER, ET AL.,

Petitioners

vs.

SECURITIES AND EXCHANGE COMMISSION,

Respondent

75-1232

MOTION TO AMEND PETITION FOR REVIEW

Now comes the Petitioner John F. Carter in the above-entitled matter and respectfully moves that this Honorable Court grant him permission to amend petition for review.

In Support Of Motion

On August 14, 1975, Petitioner John F. Carter wrote a letter to Conrad W. Fisher, Esquire, the contents of which are enclosed: August 14, 1975  
Mr. Conrad W. Fisher, Esquire  
Fisher & Helfenstein  
47 Harvard Street  
Worcester, Massachusetts

RE: Petition for Review  
U. S. District Court of Appeals

Dear Mr. Fisher:

Further to our meeting enclosed please find the page and paragraph numbers to be amended in the above petition for review.

1. page 2, paragraph 7

However, the Plaintiffs have alleged in their suit, civil action nos. 74-2265 S and 74-4040-S, exhibit 11, that the S.E.C. conducted a highly unusual and irregular investigation for the purpose of putting an end to the Brokers Diversified Group concept, exhibit 21, because it represented a serious threat to the Mutual Fund Industry, as evidenced by the following facts:

- a. Of the companies involved, John F. Carter, was the only officer investigated.
- b. While conducting it's investigation the S.E.C. granted an investment advisor license to Lexington Mgt Corp., (November 1973), formed by stripping the assets of Wellesley Mgt Corp., at the expense of the Petitioners and other stockholders. (exhibit 3)
- c. While conducting said investigation the S.E.C. granted approval to Robert S. Winthrop, an officer of Brokers Diversified Services Corp., to form (9/73), his own company, National Fiduciary Corp., by stripping the assets of BOSC, at the expense of the Petitioners and other stockholders.

# APPENDIX I<sup>6</sup>

- d. During the investigation the S.E.C. granted, 9/73, a broker/dealer license to William Dickey, a former officer of BDI, to form his own company, Dickey Inc., by stripping the assets of BDI at the expense of the Petitioners and other stockholders.
- e. Although all of the stockholders had written letters, (four months after the investigation started), stating that they had received a full and fair disclosure. The investigation was allowed to continue for ten months. (Exhibit 4).
- f. The S.E.C. was aware that John F. Carter had never received a salary of fees for his 3 1/2 years of employment and that the Petitioners had invested over \$200,000.00 representing more than 50% of the total monies collected from stockholders.

All of which represents a departure from normal S.E.C. investigatory procedures of integrity, fairness, candor and honesty, thus causing irreparable damage to the BDI stockholders during an investigation which was supposedly conducted, by the S.E.C., to protect them from such harm.

2. page 3, paragraph 9  
Floyd Gilbert, regional administrator, had in his possession a letter, (5/8/73), regarding the Petitioners' willingness to make available to him a list of people who had been contacted by Dickey. Gilbert refused our offer in spite of the obvious securities violations by Dickey. (Exhibit 5).
3. page 3, paragraph 11.  
Exhibit the November 16, 1972 S.E.C. letter of approval regarding the Dickey sale. (Exhibit 6).
4. page 5, paragraph 16.  
DeGrazia further stated to me, August 24th, at 9:30 a.m., that Delaney considered BDI a non viable company and WMC a viable company and the only way out of the dilemma was a stock swap between BDI and WMC. After the stock swap, (9/10/73), I informed my attorneys Peter Ambrosini and Gordon Ramsey, to tell Delaney, "I didn't have any intentions of sharing my WMC stock with his friend DeGrazia."  
Attorney Peter Ambrosini confirmed that my message was given to Delaney. The S.E.C. then licensed Lexington Hat Corp., (November 1973), in spite of the following:  
a. The S.E.C. had approved, (5/73), the stock swap.  
b. DeGrazia had promised the BDI stockholders, a 100% effort and cooperation while soliciting BDI assets at the September 1973 stockholders meeting.  
c. The WMC and BDI stockholders and board of directors, had voted and unanimously approved the transfer. (Exhibit 7)  
d. Stock had been issued bearing DeGrazia's signature. (Exhibit 8).  
e. BDI had voluntarily resigned it's license and dismissed it's employees and salesmen.

Delaney further warned me through my attorneys, November 12, 1973, "that if I made any trouble he would enjoin me from my companies". Whereupon we wrote, (November 20, 1973), Washington requesting an investigation of their Boston office. All charges were lodged subsequent to that request.

5. page 7, paragraph 25  
Plaintiffs have alleged in civil action no. 1740, (Exhibit 9), that the law firm of Abodeely, Baylis & Revelli Inc., conspired with others and deliberately advised Plaintiffs to default the scheduled S.E.C. hearing, (5/20/74), on the pretense that the said hearing could not be held in lieu

# APPENDIX I<sup>6</sup>

of an investigation of securities against the Boston Agent by their General Counsel's Office and if an investigation was not conducted, as the law required, Plaintiffs will then have a right of action against the S.E.C. (Exhibit 10).

6. page 8, paragraph 30  
Exhibit 9 paragraph (1), "Carter has been charged with and as by reason of his default found to have committed serious violations of the antifraud provisions of the Securities statutes".

In view of the above ruling isn't it reasonable to assume that a conscientious governmental agency would follow through with charges against the Respondents for committing these serious violations?

Very truly yours,

John F. Carter

Petitioners are presently without counsel. This Motion is made on the assumption that the agency to file a amended Petition for Review will be in the best interest of justice.

Respectfully submitted,

JOHN F. CARTER, pro se  
600 Lincoln St., Worcester, MA 01605  
TEL: (617) 852-0080, October 27, 1975

WORCESTER, SS.

Then personally appeared before me the above named John F. Carter and made oath that the foregoing was true to the best of his knowledge and belief.

October 27, 1975

NOTARY PUBLIC

My commission expires 12/31/80

## CERTIFICATE OF SERVICE

I, JOHN F. CARTER, HEREBY certify that on this day I mailed a copy of the above Motion to the Respondent, by Mailing the said copy to the Respondent's attorney, Thomas Taylor III, Esquire, Securities and Exchange Commission, 500 No. Capital Street, Washington, D. C.

October 27, 1975

JOHN F. CARTER, pro se  
600 Lincoln Street  
Worcester, MA 01605  
TEL: (617) 852-0080





**Brokers Diversified Services Corporation**

600 LINCOLN STREET • WORCESTER, MASSACHUSETTS, 01605

October 29, 1975

617 852 0080

Mr. Conrad W. Fisher, Esquire  
Fisher & Helgenberg  
47 Harvard Street  
Worcester, Massachusetts

RE: John F. Carter, et al.,  
vs.  
Securities and Exchange Commission  
No. 75-1232

Dear Mr. Fisher:

Last August you notified this office that you had  
filed a request for Production of Documents in the  
above action.

Since, I am now requested to represent myself in  
this matter I would appreciate your making said documents  
available to me.

Very truly yours,

John F. Carter

cc:

return receipt requested  
certified mail no. 615436

Up Earning Growth Friday, Jan. 12, 1977

ANNUAL BUSINESS REVIEW AND FORECAST APPENDIX J

**COMPANY AFFILIATES**

**WELLESLEY MANAGEMENT CORP.**

An advisory firm licensed with the SEC to invest monies for accounts of \$5,000 or greater.

**WELLESLEY MANAGEMENT G.M.B.H.**

German advisory firm licensed to invest monies for accounts of \$5,000 or greater.

**BROKERS DIVERSIFIED, INC.**

An investment banker offering to its account representatives the opportunity to sell both stocks and bonds, tax shelters and other investment programs.

**BROKERS DIVERSIFIED SERVICES CORP.**

Administrators in the mass marketing of auto and fire insurance.

**BROKERS DIVERSIFIED FIDUCIARY CORP.**

An administrative organization designing, evaluating, installing, administering, and trusteeing qualified pension and profit-sharing plans.

**BROKERS DIVERSIFIED INSURANCE AGENCY**

Fulfills the needs of the independent life agent and broker, by providing products and services he cannot obtain from his primary company.

**BROKERS DIVERSIFIED REALTY INC.**

A land development company specializing in the sales of leisure property and tax shelters.

**BROKERS DIVERSIFIED** is currently opening offices throughout the United States and Europe.

The Brokers Diversified Group is, we believe, a very special organization, unique in many ways. By philosophy and professional staff, we are well equipped to fulfill, in depth, a broad spectrum of specific needs in the investment banking and money management areas. In this sense, we are a professional financial organization — with the requisite knowledge and experience to deal effectively with the growing complexities, and markets which these matters embrace.

Please direct inquiries to: Dr. Robert J. Oberg

**THE BROKERS DIVERSIFIED GROUP**

600 Lincoln Street, Worcester, MA. 01605

Worcester (617) 852-0080 - Wellesley (617) 335-7839.

Enterprise number 1-800-235-9034

Call toll free anywhere in the continental United States



"Opportunities are ideas  
whose time has come."

John F. Carter, President  
The Brokers Diversified Group



# Brokers Diversified Services Corporation

600 LINCOLN STREET • WORCESTER, MASSACHUSETTS, 01605  
617-852-0080

## THE CONCEPT

### In Brief

"Minicounseling" - Professional investment management of portfolios beginning at \$5,000. This is a relatively new investment service, one for which there is great need and which is being encouraged by the Securities and Exchange Commission. It is to be sold primarily by a captive force of salesmen, who are motivated by an unusually sound investment philosophy together with an attractive compensation package.

### A Bit of History

Men of wealth do not manage their own money. For a long time there have existed professional investment counselors who will manage large portfolios, and there exist a great many such firms today. But the idea that a small investor could obtain comparable professional management is a relatively new one, and there are few companies in this field.

Late 1940's	Mansfield Mills on the West Coast conceived the idea of offering professional investment management for accounts beginning at \$5,000.
1955	Dana Danforth began offering professional management for investors in the \$5,000 to \$50,000 range.
1962	Joseph DeGrazia founded investment management division at Spear and Staff geared to the investor in the \$5,000 range and up.
1970	Spear and Staff began making limited use of Brokers to sell investment management.
1972	John Carter, President of the Brokers Diversified Group, conceived the idea of having his brokers sell exclusively investment management. Mr. Carter made a bid to acquire Spear and Staff, losing out to the Fidelity Group of Mutual Funds. Mr. Carter then established Wellesley Mgt. Corp., obtaining the services of Mr. DeGrazia as President.

### The Time Is Ripe For Minicounseling

The public is disenchanted with stockbrokers. Too many people have been burned by brokers pushing the latest hot stock that has sales appeal, but little substantive value.

The public is disenchanted with Mutual Funds. They were oversold in the sixties, often with unrealistic promises of future returns. People are now redeeming their mutual funds in massive proportions. Thus a large void has been created. We believe it will be filled by minicounseling. Good professional management of one's own individual portfolio, long available to the wealthy investor, is an exceptionally attractive concept to offer the small investor. Moreover it is being encouraged by the S. E. C.

Minicounseling is truly an idea whose time has come. We anticipate that the growth of the investment counseling business in the seventies will be comparable to the growth of the mutual funds in the fifties and sixties.

### THE COMPANIES INVOLVED

Brokers Diversified, Inc., (BDI), a licensed broker/dealer, member of the Boston Stock Exchange.

Wellesley Management Corp., (WMC), a licensed investment advisor.

Brokers Diversified Fiduciary Corp., (BDFC), trustees for qualified pension and profit sharing plans.

Brokers Diversified Services Corp., (BDSC), administrators of group auto and fire insurance.

Brokers Diversified Group, (Group), companies' trade name.

THE CONCEPT IN ACTION

The Group was the first formal marriage of an in house broker/dealer and investment adviser selling Minicounseling services exclusively through a controlled salesforce. The concept was designed to attract and re-cycle the mutual fund writer with a "book" of business in excess of five million, and the other end were established account representative with a member firm. During the early 70's the fund salesman was forced to seek supplemental employment because of a poor performing market, however, the mutual funds that managed his accounts still charged their management fees while the hard pressed fund salesman often had to service his clients without pay. Mutual funds pay a onetime commission thus affecting the services rendered by the salesman after the sale.

Through our concept we were able to show the salesman that his five million of managed monies under our program would yield at least \$50,000 gross income, every year, from trading commissions and as the money appreciated over the years so would his income, without any additional effort on his part. In other words, if the five million grew to eight million in a good money market, his gross would grow to a \$100,000, or better, every year from trading commissions.

The Group also introduced, the very first, vested contract in the industry. Upon the death of a stock salesman all accounts and their commissions are kept by his company, however, by having an agreement drawn up between WMC and the salesman, whereby, a percentage of the WMC management fee would be paid to his estate, in the event of his death. This agreement was not in violation of the securities law prohibiting payment of trading commissions to a non licensed party, a law which existed for the sole protection of member firms.

THE CONCEPT IN ACTION

Sales advantages were; The client received preferred treatment with an investment advisor who individually tailored the account to the investors' specific needs. Since, WMC fee was competitive with a no load fund, the salesman could legally transfer his accounts from a fund or trust department to WMC, thereby being able to re-cycle non commissionable dollars into commissionable dollars.

Due to the 80/20 Rule, Mutual Funds were unable to pay salesmen trading commissions from their accounts, thus leaving the door open for: AN IDFA WHOSE TIME HAD COME.

The vesting clause between WMC and the salesman's estate, allowed us to recruit older and more established account representatives that were ready to retire from member firms, Merrill, Reynolds, Bache, etc., by placing their accounts with WMC they were able to circumvent the mandatory retirement plan with their firms.

THE RESULTS

Investment advisory - services could be sold by non licensed securities salesmen, a natural for the Group, with it's insurance/investment oriented salesforce that approached two hundred, plus, BDPC, was named the official pension department for the Kemper Insurance Co., in New England, and it's thirteen hundred insurance brokers. Through this approach, WMC was able to amass five million under management within six months, and together with it's affiliate BDSC, had consummated negotiations to purchase a Mutual Fund thus assuring WMC of a twenty five million dollar base within one year of business. Truly remarkable when compared to Spear and Staff, at one time the largest investment advisor in the country, Spear's record of money under management was painstakingly slow compared to WMC's.



It took Spear four years, 61-65, to reach five million, and as a result of the great bull market in the 60's, Spear grew from five million to sixty million within the 1965 - 68 period.

Through BDI, and its trading facilities, WMC was able to establish agreements in principle with eight major pension companies throughout the country, whose total money under management represented more than one hundred million dollars. One of our strong points with institutional type accounts, is our double beta program. This computer based analytical program was developed by BDSC, for our exclusive use. The double beta continuously measures the risk factor of a portfolio relative to the general market and enables a manager to maintain that risk factor within prescribed limits. It also measures the gain potential and allows a manager to adjust his decisions for a portfolio according to predetermined goals. The double beta program has a meaningful appeal to investors because of its objectivity and because it provides a discipline to limit losses in a portfolio. The double beta program together with trading commissions was the most competitive package in the pension market.

WMC, GMBH, Munich, Germany, a subsidiary of WMC, was formed to employ a European sales strategy similar to the states. Heretofore, Europeans investing in the U. S. market were confronted with a time lag regarding their purchase of stock, also, because of the lack of publications, they were at the mercy of stock salesmen and unscrupulous money managers. Through an arrangement with the State Street Bank, Munich, Germany, WMC, GMBH, was able to conveniently exchange marks for dollars and buy and sell stock through its parent company in Massachusetts, thus enabling the Europeans to have the same advantages as U. S. citizens. Through this revolutionary approach we were able to quickly recruit well connected former fund managers. Economists were predicting that Europeans would invest between fifteen and

twenty billion dollars, in the U. S. economy. As the first company ever to make trading commissions and management fees available to an overseas sales force, we anticipated getting our fair share of this huge market, and carried on a correspondence with seven hundred salesmen throughout the world, all of whom were interested in our concept and represented potential WMC salesmen.

Other such subsidiary's were being formed in South America, the Far East and Middle East. The Group is planning to open regional offices throughout the country, and unlike most investment oriented companies, will be less dependent on the cyclical trends of the stock market for growth and overhead stability. The Group concept is based on servicing the needs of the small investor.



## Brokers Diversified Services Corporation

600 LINCOLN STREET • WORCESTER, MASSACHUSETTS, 01605  
617-852-0080

### BROKERS DIVERSIFIED SERVICES CORP.

#### THE COMPANY

Brokers Diversified Services Corp. (BDSC), was formed in June of 1972. The company provides computerized group auto and fire insurance administrative services for general insurance brokers and their accounts. BDSC has the distinction of being the first company in the country to operate in this field.

#### THE CONCEPT

Perhaps the best way to describe the vast potential in this business is to briefly compare it with the existing Blue Cross and Blue Shield market place. It represents one of the most important innovations in the Insurance Industry in the past 25 years.

Group auto and fire insurance is destined to take its place among the many corporate/union fringe benefits for the following reasons:

1. It is mandatory that you register your auto and insure your home.
2. It is a corporate tax deduction.
3. It affords the insurance industry a sales device to circumvent an archaic system thus allowing more profits.
4. As a result of group purchasing power, the employer/employee receives better service, lower premiums and greater benefits.
5. Consumer oriented - good public relations.

#### COMPETITION

As noted previously, group auto and fire insurance is still relatively new. Although BDSC is the first entrant into this field, there are a number of smaller firms that have started up in this business, most of them since 1974. None of these firms have enjoyed too much success to date because to a large extent they lack marketing know-how in a very specialized field. We foresee more companies starting up as the concept begins to catch on.

BDSC will provide the insurance broker with the computer program and sales marketing expertise needed to secure and service the employees of a company. Moreover, and most important, by using BDSC, the broker can maintain his independence from a major insurance company.

There are a few large insurance companies that have initiated group auto and fire programs for special accounts, however, these programs do not usually work too well. The broker does not have the flexibility of switching insurance companies since these companies have all of the administrative data and are not generally willing to share that data with a competitor company and the broker is not willing to alarm his client by challenging the insurance company.

So for reasons of control, the broker will view an independent like BDSC as the only way to go, thus enabling him the flexibility of switching the account to take advantage of lower rates, better claim service and higher commissions.

The insurance policy itself can still be placed with any insurance company. BDSC merely acts as a middleman between the client and the broker.

BDSC is unique in that it will act as a wholesaler and retailer providing a service that is scheduled to expand at a rapid rate over the next several years.

#### MARKETS

BDSC has a unique three-pronged approach toward marketing. After many years of experience with mass marketing of insurance we have established close working relationships with a number of salesmen, brokers and pension consultants throughout the country. We will offer them an opportunity to better service and retain their clients at substantial new gains through BDSC.

Many large insurance companies sometimes find it advantageous to circumvent their agency force, this can be arranged through an independent like BDSC. There is also a very large untapped market for those insurance companies that do not have agency forces, (insurance brokers), but are licensed in many states. BDSC will afford those companies a marketing vehicle without any capital outlay.

BDSC will also offer a direct cut-rate approach to the market place making commission savings available to clients and their employees. At some point in the future, BDSC will acquire a Multi-line Insurance company. It will serve as a re-insurer and will not compete with other insurance companies in a conventional manner. As a re-insurer it will have a minimum of employees and expenses but will nevertheless give BDSC an additional dimension by having a placement bureau, (insurance company), for those brokers who may experience some difficulty in finding an insurer to place their clients account.

## SEC Considers Moves To Encourage Services For Individual Investor

Casey Says Those Preferring to  
Invest Directly Should Receive  
Benefit of Professional Advice

*By WALL STREET JOURNAL Staff Reporter*

WASHINGTON — The Securities and Exchange Commission is considering possible guidelines to encourage the development of investment services for individual investors.

William J. Casey, SEC chairman, said individualized money management services, which would compete with the mutual fund industry, are necessary to assure that investors who prefer "to invest directly rather than through investment companies get the benefit of research and professional judgment."

Mr. Casey said he asked the SEC's new division of investment company regulation to develop "a clear policy" and guidelines on methods of providing investment management services for individual investors.

Mr. Casey's comments came in an unusually political speech to the Economic Club of Detroit. Departing from the practice of recent SEC chairmen of remaining nonpartisan during election campaigns, Mr. Casey sharply, yet indirectly, attacked programs pushed by George McGovern, including the Democratic presidential candidate's income redistribution plan. Mr. Casey also emphasized the need for the U.S. to maintain both military and economic strength. A text of the speech was released here.

Concerning individualized investment services, Mr. Casey said such services would reduce the disparity between research information and investment management available to institutions and that available to small investors.

The SEC chairman, however, noted that regulatory problems exist in providing such service to individual investors. He said there is "confusion" about whether federal securities law applies to the large-scale solicitation of small accounts, especially where such arrangements apparently involve pooling of investors' funds.

In addition, he said that in some cases, through public solicitation and the providing of very similar investment advice, advisory services can become "functionally and substantially" indistinguishable from mutual funds. He said legal uncertainties in these areas have inhibited the organization and growth of investment services for individuals.

Mr. Casey said the commission's policy and guidelines, if developed, would "assure necessary investor protections," while also encouraging the development of money management services for investors with relatively small amounts to invest.

### AFFIDAVIT

I, JOHN F. CARTER, presently residing at 12 Monticello Drive, Paxton, Massachusetts, on OATH, DEPOSE AND SAY:

That I am presently being investigated by the Securities and Exchange Commission's regional office in Boston, and based on the facts set forth below, would like your Division of Enforcement to conduct its own investigation of the regional office because of its apparent biasness and harassment which I believe is now taking place.

During March of 1973 the Boston regional office of SEC began an investigation of Brokers' Diversified Services Corporation (Services) which was seeking approval of a Reg. A offering. The initial investigation of Services was to determine whether it had made a public or private offering.

The investigation was precipitated by an allegation of fraud against one William L. Dickey, who was formerly vice president of an affiliated corporation, Brokers' Diversified, Inc., licensed broker dealers, formerly of 600 Lincoln Street, Worcester, presently of 13 Bowdoin Street, Boston. At the time of the allegation, Mr. Dickey was connected with a firm called Triangle Investments, a limited partnership. He had been trying to sell this limited partnership under the auspices of Brokers' Diversified, Inc. When I found out about this I fired Mr. Dickey from Brokers' Diversified, Inc. Subsequent to this firing, Mr. Dickey came up with the charge of fraud -- that is, he alleged he thought he was buying stock from Services. However, all the written evidence which has been produced indicates that he bought the stock from me. In fact, I had requested and received permission from the SEC regional office in Boston -- one Nancy Driggs -- to the effect that there was nothing wrong at all with my selling stock to Mr. Dickey (see attached copy of letter dated November 3, 1972, which gives the background for this subsequent approval; also copy of agreement dated November 6, 1972, signed by Mr. Dickey).

However, the Boston regional office proceeded to subpoena nine (9) stockholders, representative of three (3) affiliated companies. Only one of the stockholders was a member of the company in question. All nine stockholders were told by the investigators that (1) they could not sell their stock for five or ten years; (2) it was a lousy investment; and (3) they were investigating me for fraud. In general, they created an aura of dissension through their hostility, prior to the completion of the investigation. Upon completion of the first visit with the stockholders, I was told that the Commission had been unable to finish its investigation so everybody was subpoenaed a second time.

BEST COPY AVAILABLE



Affidavit of John F. Carter  
Page 2

One of the investigators of the Commission made the remark that they were "going to put Brokers Diversified, Incorporated out of business". It appears to me that the apparent irregularities and inconsistencies of the Commission's investigatory process are such that the statement is a truthful one, regardless of the evidence before the Commission.

I further wish to state that in August, 1973, Mr. Joseph M. DeGrazia, President of Wellesley Management Corporation, -- a man who somehow or other managed to maintain complete immunity above and beyond the investigation -- informed me that he wanted one-half of my holdings which were 790,000 shares and for that he would take care of my problems with the stockholders and with the Securities and Exchange Commission. Mr. DeGrazia stated further that I would be given a sufficient amount of time to get in line and make the appropriate stock transfers and that all of my problems with SEC would be resolved.

As evidenced by the enclosed Order For Public Proceedings brought by the Securities and Exchange Commission there are certain charges brought by the said Securities and Exchange Commission against Brokers Diversified, Incorporated, Wellesley Management Corporation, and John F. Carter. During the time of the alleged wrongdoing by the above Wellesley Management Corporation and John F. Carter, Mr. Joseph M. DeGrazia was the chief operating officer of Wellesley Management Corporation, acting as its president. The alleged charges against myself and Wellesley Management Corporation should have also been alleged and charged against said Joseph M. DeGrazia. The reason that Mr. DeGrazia was not charged nor investigated nor subpoenaed in any way is because he told me that Mr. Edward P. Delaney, an Attorney for the Securities and Exchange Commission in the Boston Regional Office had taken an unusual special interest in this matter and that he, Mr. DeGrazia, would be able to save the company.

I further understand that Mr. Delaney has referred to me as "a con man". Mr. DeGrazia has stated that if I, John F. Carter, followed the path to Washington, meaning my carrying the appeal from the SEC Ruling or to go directly to Washington and seek help as I am doing in this Affidavit, that they "Washington" have ways of smoothing things out and delaying any possible settlement and generally making my task a difficult one.

Affidavit of John F. Carter  
Page 3

All of my above allegations have been substantiated by the investigation by the Order For Public Proceedings by the Securities and Exchange Commission, a copy of which I am enclosing and am again referring to.

I then would appreciate a thorough investigation being made of this matter by your Division in the hope that if your Division does decide to consider investigating these charges someone would be assigned to the case who has had no prior dealings with this matter and who can make independent judgment of the facts of this case.

John F. Carter

COMMONWEALTH OF MASSACHUSETTS

WORCESTER, SS

\_\_\_\_\_, 1974.

Then personally appeared the above-named JOHN F. CARTER, and made oath that the foregoing was true to the best of his knowledge and belief, before me,

Michael N. Abodeely, Jr.  
Notary Public  
My commission expires Nov. 13, 1977



APPENDIX M

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
REGIONAL OFFICE  
150 CAUSEWAY STREET  
BOSTON, MASSACHUSETTS 02114

IN REPLYING PLEASE QUOTE

April 25, 1973

John F. Carter  
c/o Brokers Diversified Inc.  
600 Lincoln Street  
Worcester, Mass.

Re: 24B-1869 - Brokers Diversified Services Inc.

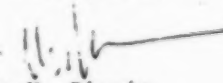
Dear Mr. Carter:

On April 18, in connection with the subject Regulation A filing, you were requested to furnish this office with a complete list of the purchasers and/or those persons solicited to purchase the securities of the following corporations and/or their affiliates:

Brokers Diversified Services Corp.  
Brokers Diversified Fiduciary Corp.  
Brokers Diversified Inc.  
Brokers Diversified Insurance Agency  
Brokers Diversified Realty Corp.  
Wellesley Management Corp.  
Associates Diversified Inc.

In your reply please include the last known addresses of all security holders in these affiliated corporations.

Very truly yours,

  
Willis H. Riccio  
Chief Counsel

APPENDIX M<sup>1</sup>

BOWDITCH, GOWETZ & LANE  
340 MAIN STREET - ROOM 565  
WORCESTER, MASSACHUSETTS

May 8, 1973  
Cert. Mail  
Return Receipt  
Requested

Mr. William L. Dickey  
78 No. Broadway  
Salem, New Hampshire

Re: Brokers Diversified, Inc. ("Brokers")

Dear Mr. Dickey:

Effective April 18, 1973, the Board of Directors of Brokers voted to remove you from office as, respectively, a Director and Vice President for cause. This action was taken subject to reasonable notice and opportunity to you to be heard by the Board of Directors of Brokers in this matter.

Accordingly, upon receipt by me, within five (5) days of your receipt of this letter, of a letter from you requesting said opportunity, a meeting will be arranged for you with the Board of Directors of Brokers and prior to said meeting, you will receive a written statement as to the basis for your said removal for cause.

In regard to your letter of May 2, 1973 to Mr. John F. Carter, 12 Monticello Drive, Paxton, Mass., in which you purportedly "hereby tender" 25,000 shares of Common Stock of Brokers Diversified Services Corporation ("Services") "to you" (i.e. to Mr. Carter), Mr. Carter declines to accept your tender. Furthermore, your shares of Services continue to be held in the Escrow Agreement to which you subjected them upon your purchase of such shares from Mr. Carter.

Sincerely,

  
John R. Blake

JRB/ec

cc: John F. Carter, President  
Brokers Diversified, Inc.

APPENDIX M<sup>2</sup>  
BOWDITCH, GOWETZ & LANE  
140 MAIN STREET - ROOM 365  
WORCESTER, MASSACHUSETTS

March 30, 1973

Nancy Driggs, Attorney  
Securities and Exchange Commission  
150 Causeway Street  
Boston, Massachusetts 02114

RE: Brokers Diversified Services  
Corporation ("Services")  
24B-1869

Dear Mrs. Driggs:

Further to your comment letter of March 28, 1973 relative to the above filing, enclosed please find an original and three conformed copies of Amendment No. 8 to the Notification together with marked copies of the Notification and Offering Circular reflecting all changes from the prior filing.

In response to your specific comments in your letter:

Notification

- a. Detail of all issues of stock to Carter and dispositions by him of this stock, both in the issuer and the affiliates: this was already provided in Item 9 of the Notification. Item 9(a) gave such detail as to issues of stock by the Issuer in paragraph 1 by Brokers Diversified, Inc. ("Brokers") in paragraph 2, by Brokers Diversified Fiduciary Corporation ("Fiduciary") in paragraph 3, by Brokers Diversified Realty, Inc. ("Realty") in paragraph 4 and by Wellesley Management Corporation ("Management") in paragraph 5. In accordance with the Instructions to Form 1-A, details as to dispositions of such shares by Carter is set forth in Item 9 (b).
- b. We have added to Item 9 (b) a further reference to Carter having acquired his shares of the Issuer and Management for no cash consideration and to his possible profits upon disposition of shares of the Issuer and Management.
- c. In regard to the land obtained by Carter from Mr. Fulginiti for 10,000 shares of Management, this land

APPENDIX M<sup>2</sup>

- 2 -

was valued in the deed at \$25,000; a reference to Mr. Fulginiti's cost therefor has been added.

- d. In regard to the background and degree of sophistication of Mr. Dickey and Mr. Fulginiti: (1) Mr. Dickey is a Vice President and Director of Brokers (the Broker-Dealer affiliate of the Issuer) and is a promoter of a limited partnership real estate development in Haverhill, Massachusetts, and as such is considered to be sophisticated in a financial sense; Mr. Fulginiti is a Worcester businessman (owner of Eastern Auto Body and a director of several Worcester corporations) who is also considered to be sophisticated in a financial sense; (2) as stated in the Notification, both Mr. Dickey and Fulginiti were given access to financial and other data concerning the corporation in which they invested, i.e. they were each informed that whatever information they requested concerning said corporation would be supplied to them before they made their investment; since neither man requested any such written information, there is none to submit.
- e. In regard to "justification of why they would pay a total of \$75,000 for a minority interest in the issuer," the Notification clearly indicates that Mr. Fulginiti invested in shares of Management, not the Issuer. As to the "justification" factor of their investments, this relates to their subjective attitudes and opinions and is not a statement that Mr. Carter can make with any degree of certainty. Mr. Carter assumes that (a) Mr. Dickey (who approached Mr. Carter and asked to invest in the Issuer) was apparently impressed with the Issuer being the first entrant into a new field of business and with the timing of this entry, e.g. the Massachusetts Insurance Commission approved reduced rates for mass-marketed automobile insurance in February, 1973 and apparently it was known some time in advance in the insurance industry that this approval was "in the works"; and (b) Mr. Fulginiti was exchanging land which had only cost him \$4,000 approximately one year prior thereto (and which was being valued without having been seen by Mr. Carter) for an interest in Management which



apparently had as much possible appreciation to him as did his land.

Offering Circular

1. Dilution; Dividend Policy; Use of Proceeds; deletion of references to negotiations to acquire the fund adviser: these have been effected.

Financials

1. Items 1 - 4 have been effected.
2. Balance Sheets of John F. Carter, d/b/a Brokers Diversified Co. at October 31, 1971 and of Brokers Diversified, Inc. at November 1, 1971 are enclosed.

I would appreciate your letting me know as soon as possible as to clearance of this filing. Thank you.

Very truly yours,

John R. Blake

JRB/sm

cc: John F. Carter, President  
Brokers Diversified Services Corporation

Stephen B. Schneer, Esq.  
Bandler & Kass

**COPY**  
BOWDITCH, GOWETT & LANE  
340 MAIN STREET • ROOM 565  
WORCESTER, MASSACHUSETTS

November 3, 1972

Nancy Driggs, Attorney  
Securities and Exchange Commission  
2203 Kennedy Federal Building  
Boston, Massachusetts 02203

Re: Brokers Diversified Services Corporation ("Services")  
24B-1869

Dear Ms. Driggs:

In regard to the above filing and pursuant to our telephone conversation this date, request is hereby made for permission to effect the following transaction relative to the Escrow Agreement, dated June 5, 1972, which is a part of said filing.

John F. Carter, President of Services, presently holds 380,000 shares of Services, all of which shares I hold pursuant to said Escrow Agreement. Mr. Carter proposes to sell 25,000 of his shares, at a price of \$2.00 per share, to William L. Dickey, of Salem, New Hampshire. Mr. Carter proposes to use the \$50,000 proceeds of such sale for investments in his affiliated corporations, principally in Brokers Diversified Realty, Inc. for use for building improvements to the premises at 600 Lincoln Street, Worcester. These premises house the offices of Services and of other corporations controlled by Mr. Carter.

Mr. Dickey is willing to place his shares in said Escrow Agreement and to have his shares subject to the terms thereof.

Please advise as to whether the Commission will consent to the above transaction. The Notification for Services filing will be amended to reflect the above transaction. If the Offering Circular itself should be similarly amended, please let me know.

Sincerely,

*John R. Blake*  
John R. Blake

JRB/nf

cc: John F. Carter, President  
Brokers Diversified Services Corporation

November 6, 1972

Mr. William L. Dickey  
5 Main Street  
Salem, New Hampshire

Re: Brokers Diversified Services  
Corporation ("Services")

Dear Mr. Dickey:

You are willing to purchase from me 25,000 shares of Services, at a price per share of \$2.00, for a total price of \$50,000. Pursuant to the Escrow Agreement dated June 5, 1972, into which I entered pursuant to a Regulation A filing currently in process for Services, I need the consent of the SEC to transfer said shares to you. This consent, if obtained, will be conditioned upon your becoming a party to the Escrow Agreement, to which you agree to do.

A request for said consent of the SEC has been made and a response is expected shortly. You have this date tendered to me a check for \$50,000 and I agree to hold said check in escrow, to be cashed by me and applied to your purchase of shares from me if the SEC consents and to be returned to you if the SEC does not consent.

Yours truly,

*John F. Carter*  
John F. Carter

Agreed to and accepted this 7th day of November, 1972.

*William L. Dickey*  
William L. Dickey

and effectiveness of its provisions but also as to the truth and accuracy of any information contained therein, which the Escrow Agent shall in good faith believe to be genuine, to have been signed or presented by a proper person or persons and to conform with the provisions of this Agreement.

8. The Corporation and the Purchasers, jointly and severally, hereby agree to indemnify and hold harmless Escrow Agent against any and all losses, claims, damages, liabilities and expenses, including reasonable costs of investigation and counsel fees and disbursements, which may be imposed upon Escrow Agent or incurred by Escrow Agent in connection with its acceptance of appointment as Escrow Agent hereunder, or the performance of its duties hereunder, including any litigation arising from this Agreement or involving the subject matter hereof or the shares deposited hereunder.

IN WITNESS WHEREOF, the Corporation by its officer thereunto duly authorized, each Purchaser and the Escrow Agent have executed this Agreement, as of the day and year first above written, as a sealed instrument.

BROKERS DIVERSIFIED SERVICES CORPORATION

Witness: *John F. Carter* By: *John F. Carter*  
John F. Carter, President

Witness: *John F. Carter* By: *John F. Carter*  
John F. Carter

Witness: *Bernard G. McGee* By: *Bernard G. McGee*  
Bernard G. McGee

Witness: *John R. Blake* By: *John R. Blake*  
John R. Blake, Escrow Agent

On this 16th day of November, 1972, William L. Dickey, of Salem, New Hampshire, having purchased 25,000 shares of the Corporation from John F. Carter, hereby joins in this Agreement and places said 25,000 shares in escrow with the Escrow Agent in accordance with the terms of said Escrow Agreement.

Witness: *John F. Carter* By: *William L. Dickey*  
William L. Dickey

Witness: *John R. Blake* By: *John R. Blake*  
John R. Blake, Escrow Agent

On this 7th day of March, 1973, C. F. Carter, of Bedford, Massachusetts, having acquired 5,000 shares of the Corporation's

APPENDIX N<sup>3</sup>

REGIONAL OFFICE  
2203 KENNEDY FEDERAL BUILDING  
GOVERNMENT CENTER  
BOSTON, MASSACHUSETTS 02203

November 16, 1972

John R. Blake, Esquire  
Bowditch, Cowetz & Lane  
340 Main Street - Suite 565  
Worcester, Massachusetts 01608

Re: Regulation A filing, 24B-1869

Dear Mr. Blake:

Please be advised that we have no objection to the sale of securities described in your letter to us dated November 3, 1972, provided such sale is effected in compliance with the terms outlined by you in the above-mentioned letter.

Very truly yours,

*Nancy L. Driggs*  
Nancy L. Driggs  
Attorney

APPENDIX N<sup>4</sup>

BOWDITCH, COWETZ & LANE  
340 MAIN STREET • ROOM 565  
WORCESTER, MASSACHUSETTS

February 22, 1973

Nancy Driggs, Attorney  
Securities and Exchange Commission  
Boston Regional Office  
2203 Kennedy Federal Building  
Boston, Massachusetts 02203

Re: Brokers Diversified Services Corporation ("Services")  
24B - 1869

Dear Ms. Driggs:

By your letter dated November 16, 1972 relative to the above filing, you indicated your lack of objection to the sale by John F. Carter of 25,000 shares of Services to William L. Dickey, said shares being thereupon subject to the Escrow Agreement in effect for Services Common Stock. Accordingly, Mr. Dickey executed the Escrow Agreement and his 25,000 shares are presently held by me as Escrow Agent thereunder.

Since placing his shares in the Escrow Agreement, Mr. Dickey has obtained a loan from the Rockingham County Trust Company, South Broadway, Salem, New Hampshire, (the "Bank"), the proceeds of this loan having been used by Mr. Dickey to purchase an apartment building in Haverhill, Massachusetts. The Bank has requested that Mr. Dickey deliver to it, as additional security for the loan, the shares of Services held in the Escrow Agreement for Mr. Dickey. The certificate for these shares would contain a standard legend restricting the transfer thereof in accordance with Section 4(2) under the Securities Act of 1933.

Accordingly, we would appreciate receiving your opinion as to whether the foregoing transfer may be effected. Alternately, if you object to the shares leaving my possession as Escrow Agent, may Mr. Dickey presently assign to the Bank his shares of Services upon their release from the Escrow Agreement?

If you have any questions, please call.

Sincerely,

*John R. Blake*  
John R. Blake

JRB/eo  
cc: John F. Carter  
William F. Dickey



September 10, 1973

To whom it may concern:

Please be advised of the following:

1. John Carter did not tell me Brokers Diversified, Inc. was going public @ \$5.00 or \$10.00 per share.
2. John Carter did not offer me any remuneration for bringing in stockholders to Brokers Diversified, Inc.
3. John Carter did make it perfectly clear that all interest commitments regarding stockholders would be paid out of the profits of the company and on a retroactive basis.

Sincerely,

Robert L. Borus

**WELLESLEY**  
**MANAGEMENT CORP.**  
*Investment Management*

55 William Street  
 Wellesley Office Park  
 Wellesley, Massachusetts 02181  
 Tel. (617) 237-3326

## A SPECIAL MEETING OF THE BOARD OF DIRECTORS

## WELLESLEY MANAGEMENT CORPORATION

A special meeting of the Board of Directors of Wellesley Management Corp. was held at the office of the Corporation at 55 William Street, Wellesley, Massachusetts at 4:30 p.m. on September 10, 1973. All Directors were present, due notice of the time, place, and purpose for which this meeting was called, having first been given to all Directors of record.

A motion was made and seconded to proceed by ballot to make the following offers:

- (1) Offer to present stockholders of Brokers Diversified, Inc., with the exception of John F. Carter, one share of Wellesley Management Corp. for each share of Brokers Diversified, Inc., owned. Stockholders will retain their present stock in Brokers Diversified, Inc. The offer is based on the stockholders' understanding and consent to waive any interest or dividend (either past or present) due them from Brokers Diversified, Inc. Further, certain assets and liabilities of Brokers Diversified, Inc. will be transferred to Wellesley Management Corp.
- (1b) In reference to the above offer, John F. Carter, president and principal shareholder of Brokers Diversified, Inc., has agreed that as part of the terms of the offer, he will assign free and clear his share of the Wellesley Management Corp. stock that he would receive in this exchange to the treasury of Wellesley Management Corp. These shares will be retained as unissued stock to be used for future stock redemption plans and/or for possible additional primary financing.
- (2) Offer to present stockholders of Wellesley Management Corp. the option to receive one additional share of Wellesley Management Corp. for each share currently owned. The offer is based on the stockholders' understanding and consent to waive any interest or dividend (either past or present) due them from Wellesley Management Corp. The option is exercisable any time during the twelve-month period starting on September 13, 1973, and terminating on September 13, 1974.

APPENDIX P

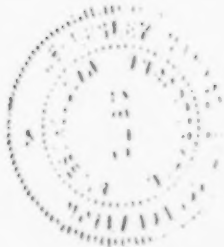
A Special Meeting of the Board of Directors cont'd.

- (3) Offer to purchase 20,000 shares of Brokers Diversified Services Corp. from Bernard McGee of 87 Bay State Road, Chicopee, Mass. 02420, for a total payment of \$3,500. As a supplement to this offer, John F. Carter, president of Brokers Diversified Services Corp. has agreed to give 20,000 of Wellesley Management Corp. shares which he now owns to Bernard McGee.

All present cast votes and all votes were in favor of making the offers and the motion was carried unanimously.

There being no further business, the meeting was adjourned at 5:15 p.m.

A TRUE COPY, ATTEST



Lawrence D. Giv  
Clerk

APPENDIX P<sup>1</sup>

BROKERS DIVERSIFIED, INC.

CONSENT OF DIRECTORS

September 7, 1973

The undersigned, being all the directors of BROKERS DIVERSIFIED, INC., pursuant to Massachusetts General Laws, Chapter 156B, Section 59, hereby consent to have the following actions treated as votes of the directors of BROKERS DIVERSIFIED, INC. and to have this written consent filed with the records of the meetings of directors as evidence thereof:

VOTED: TO authorize all shareholders of Brokers Diversified, Inc. to receive one share of Wellesley Management Corporation, a Massachusetts corporation having its principal office in Wellesley, Massachusetts and an affiliate of the company. Brokers Diversified, Inc. has 829,000 shares issued and outstanding of which 800,000 held by John F. Carter of Paxton, Massachusetts. John F. Carter hereby agrees with the company that he will, pursuant to the foregoing 1 for 1 authorization, retain only 400,000 shares of the company [in effect, a 1 for 2 basis] and it is hereby agreed that the remaining 400,000 shares received by John F. Carter will be donated by him to the treasury of Wellesley Management Corporation, to be held by that company to obtain additional capital investment and to fund stockearning

APPENDIX P<sup>1</sup>

plans for employees of the company.  
Further, certain assets and liabilities of Brokers Diversified, Inc. will be transferred to Wellesley Management Corp.

Executed this 7th day of September, 1973.

BROKERS DIVERSIFIED, INC.

By:

John F. Carter  
John F. Carter

Donald G. Ackroyd  
Donald G. Ackroyd

Frederick Troili  
Frederick Troili

**WELLESLEY  
MANAGEMENT CORP.**  
Investment Management

APPENDIX P<sup>2</sup>

55 Williams Street  
Wellesley Office Park  
Wellesley, Massachusetts 02181  
Tel. (617) 237 3326

September 10, 1973

Mr. and Mrs. Walter M. Miskell  
132 Hosmer Street  
Marlborough, Massachusetts 01752

Dear Mr. and Mrs. Miskell:

The Board of Directors of Wellesley Management Corp. have voted to offer you the following proposal:

For each share that you now own in Brokers Diversified, Inc., you will receive one new share of Wellesley Management Corp. You will also retain your present holdings in Brokers Diversified, Inc.

Acceptance of this offer by you is based on the understanding that you will forfeit any interest (past or future) that is due you from Brokers Diversified, Inc.

Attached are the latest financial statements of Wellesley Management Corp., which are available for your inspection.

Sincerely,

John F. Carter  
John F. Carter  
Chairman: Board of Directors  
Wellesley Management Corp.

JFC/iz

I have read and I understand fully this offer and hereby accept the terms as stated above.

Walter M. Miskell  
Walter M. Miskell

Rita T. Miskell  
Rita T. Miskell



September 10, 1973

Miss Anne T. Knych  
14 Nelson Street  
Webster, Massachusetts 01570

Dear Miss Knych:

The Board of Directors of Wellesley Management Corp. have voted to offer you the following proposal:

For each share that you now own in Brokers Diversified, Inc., you will receive one new share of Wellesley Management Corp. You will also retain your present holdings in Brokers Diversified, Inc.

Acceptance of this offer by you is based on the understanding that you will forfeit any interest (past or future) that is due you from Brokers Diversified, Inc.

Attached are the latest financial statements of Wellesley Management Corp., which are available for your inspection.

Sincerely,

*John F. Carter*  
John F. Carter  
Chairman: Board of Directors  
Wellesley Management Corp.

JFC/iz

I have read and I understand fully this offer and hereby accept the terms as stated above.

*Anne T. Knych*  
Anne T. Knych

September 10, 1973

Mrs. Frances M. Burns  
Thompson Road  
Webster, Massachusetts 01570

Dear Mrs. Burns:

The Board of Directors of Wellesley Management Corp. have voted to offer you the following proposal:

For each share that you now own in Brokers Diversified, Inc., you will receive one new share of Wellesley Management Corp. You will also retain your present holdings in Brokers Diversified, Inc.

Acceptance of this offer by you is based on the understanding that you will forfeit any interest (past or future) that is due you from Brokers Diversified, Inc.

Attached are the latest financial statements of Wellesley Management Corp., which are available for your inspection.

Sincerely,

*John F. Carter*  
John F. Carter  
Chairman: Board of Directors  
Wellesley Management Corp.

JFC/iz

I have read and I understand fully this offer and hereby accept the terms as stated above.

*Frances M. Burns*  
Frances M. Burns

September 10, 1973

Mrs. Edith P. Crane  
251 Action Road  
Chelmsford, Massachusetts 01824

Dear Mrs. Crane:

The Board of Directors of Wellesley Management Corp. have voted to offer you the following proposal:

For each share that you now own in Brokers Diversified, Inc., you will receive one new share of Wellesley Management Corp. You will also retain your present holdings in Brokers Diversified, Inc.

Acceptance of this offer by you is based on the understanding that you will forfeit any interest (past or future) that is due you from Brokers Diversified, Inc.

Attached are the latest financial statements of Wellesley Management Corp., which are available for your inspection.

Sincerely,

*John F. Carter*  
John F. Carter  
Chairman: Board of Directors  
Wellesley Management Corp.

JFC/iz

I have read and I understand fully this offer and hereby accept the terms as stated above.

*Edith P. Crane*  
Edith P. Crane



**WELLESLEY MANAGEMENT CORPORATION**  
Incorporated Under the Laws of the Commonwealth of Massachusetts  
\$ .01 Par Value

11

5,000

**This Certifies that** Walter N. Miskell & Rita T. Miskell Five Thousand shares of the Capital Stock of Wellesley Management Corporation

known as by the name upon records of this corporate properly endorsed  
In Witness Whereof, the said Corporation has caused this certificate to be signed  
by its duly authorized officers and its corporate seal to be hereunto affixed  
this 10th day of September 1973

John C. Carter President  
John C. Carter Treasurer

The shares represented by this certificate have been offered, sold, and issued to the registered holder hereof without prior registration under the United States Federal Securities Act of 1933 pursuant to the exemption from registration set forth in Section 4 (2) of said Act. Accordingly, these shares may not be offered, sold, assigned, pledged, hypothecated, or otherwise disposed of except pursuant to the opinion of counsel to the issuer, or the opinion of counsel to the registered holder hereof acceptable to the issuer, that the proposed offer, sale, assignment, pledge, hypothecation or other transfer would not be in violation of the conditions required for the availability to the issuer of the aforesaid exemption from registration.

**WELLESLEY MANAGEMENT CORPORATION**

**CERTIFICATE**

**OF**

**CAPITAL STOCK**

4,000

ISSUED TO

Edith P. Crane

DATED

September 10, 1973

For Value Received \_\_\_\_\_ hereby sell, assign and transfer unto \_\_\_\_\_ Shares of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney to transfer the said Stock on the books of the within named Corporation with full power of substitution, in the premises.

Dated \_\_\_\_\_ 19\_\_\_\_

In presence of \_\_\_\_\_



SUBJECT TO RESTRICTION ON TRANSFER

**WELLESLEY MANAGEMENT CORPORATION**  
Incorporated Under the Laws of the Commonwealth of Massachusetts  
\$01 Par Value

12

10,000

**This Certifies that** Anne T. Knych  
Ten Thousand Shares of the Capital Stock of  
Wellesley Management Corporation  
are payable only on the books of the Corporation by the holder hereof in  
person or by attorney upon surrender of this Certificate properly endorsed.  
In Witness Whereof, the said Corporation has caused this Certificate to be signed  
by its duly authorized officers and its corporate seal to be hereunto affixed  
this 10th day of September 1935

*John M. Kelly*  
PRESIDENT

*John C. Carter*  
TREASURER

*Wellesley Management Corporation Seal*

The shares represented by this certificate have been offered, sold, and issued to the registered holder hereof without prior registration under the United States Federal Securities Act of 1933 pursuant to the exemption from registration set forth in Section 4(2) of said Act. Accordingly, these shares may not be offered, sold, assigned, pledged, hypothecated or otherwise disposed of except pursuant to the opinion of counsel to the issuer, or the opinion of counsel to the registered holder hereof acceptable to the issuer, that the proposed offer, sale, assignment, pledge, hypothecation or other transfer would not be in violation of the conditions required for availability to the issuer of the aforesaid exemption from registration.

**WELLESLEY MANAGEMENT CORPORATION**

**CERTIFICATE OF CAPITAL STOCK**

\$5,000

ISSUED TO  
Walter M. Miskell &  
Rita T. Miskell  
DATE  
September 10, 1935

For Value Received, hereby sell, assign and transfer unto  
Shares of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint  
Attorney  
to transfer the said Stock on the books of the within named Corporation with full power of substitution in the premises.  
Dated 1935  
In presence of

WELLESLEY MANAGEMENT CORPORATION  
NOTARY PUBLIC FOR MASSACHUSETTS  
My Comm. Expires 12/31/36

SUBJECT TO RESTRICTION ON TRANSFER

SUBJECT TO RESTRICTION ON TRANSFER

13

10,000

WELLESLEY MANAGEMENT CORPORATION  
Incorporated Under the Laws of the Commonwealth of Massachusetts  
\$0.01 Par Value

*This Certifies that* Frances M. Burns  
*is the owner of* Ten Thousand  
*Shares of the Capital Stock of*  
Wellesley Management Corporation  
*represented only on the books of the Corporation by the books bound in*  
*possession of the Secretary upon records of this Certificate properly endorsed.*  
*The Witness Myself, the said Corporation has caused this Certificate to be signed*  
*by its duly authorized officers and its Corporate Seal to be hereunto affixed*  
*this* 10th *day of* September 1973

PRESIDENT *John C. Dutton* TREASURER

The shares represented by this certificate have been offered, sold, and issued to the registered holder hereof without prior registration under the United States Federal Securities Act of 1933 pursuant to the exemption from registration set forth in Section 4(2) of said Act. Accordingly, these shares may not be offered, sold, assigned, pledged, hypothecated or otherwise disposed of except pursuant to the opinion of counsel to the issuer, or the opinion of counsel to the registered holder hereof acceptable to the issuer, that the proposed offer, sale, assignment, pledge, hypothecation or other transfer would not be in violation of the conditions required for availability to the issuer of the aforesaid exemption from registration.

10,000

OF

CAPITAL STOCK

ISSUED TO

Anne T. Knych

September 10, 1973

WELLESLEY MANAGEMENT CORPORATION

*For Value Received, hereby sell, assign and transfer unto*  
*Shares of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint*  
*Attorney*  
*to transfer the said Stock on the books of the within named Corporation with full power of substitution in the premises*  
*Dated* 19  
*In presence of*

SUBJECT TO RESTRICTION ON TRANSFER

SUBJECT TO REGISTRATION ON TRANSFER

The shares represented by this certificate have been offered, sold, and issued to the registered holder hereof without prior registration under the United States Federal Securities Act of 1933 pursuant to the exemption from registration set forth in Section 4(2) of said Act. Accordingly, these shares may not be offered, sold, assigned, pledged, hypothecated, or otherwise disposed of except pursuant to the opinion of counsel to the issuer, or the opinion of counsel to the registered holder hereof acceptable to the issuer, that the proposed offer, sale, assignment, pledge, hypothecation or other transfer would not be in violation of the conditions required for availability to the issuer of the aforesaid exemption from registration.

**WELLESLEY MANAGEMENT CORPORATION**

**CERTIFICATE**

**10,000**

**OF**

**CAPITAL STOCK**

**ISSUED TO**

Frances M. Bates

September 10, 1973

*For Value Received hereby sell assign and transfer unto*

*Shares of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint Attorney to transfer the said Stock on the books of the within named Corporation with full power of substitution on the premises*

*Dated*

*In presence of*

# APPENDIX P<sup>4</sup>

**BOWDITCH, GOWETZ & LANE**  
COUNSELLORS AT LAW  
311 MAIN STREET  
WORCESTER, MASSACHUSETTS 01608  
TELEPHONE 817-791-3501

STANLEY C. BOWDITCH  
IRENE GOWETZ  
EDWARD LANE

September 14, 1973

ROBERT C. BOWDITCH  
DARRIN C. LANE JR.  
DENISE E. BOWDITCH  
JAMES E. BOWDITCH  
AUSTIN W. BOWDITCH  
DAVID D. BOWDITCH  
RICHARD F. BOWDITCH JR.  
DANIEL T. BOWDITCH  
JAMES F. BOWDITCH JR.  
CHARLES GOWETZ  
CHRISTOPHER CHRISTOPHER  
WILLIAM J. LANE  
ERIN M. BOWDITCH  
GEORGE W. BOWDITCH  
MICHAEL D. BOWDITCH  
JOHN R. BLAKE  
MICHAEL D. BROCKELMAN  
HARRY T. BOWDITCH JR.  
JOHN E. WALLACE JR.  
DANIEL J. BOWDITCH  
JAMES R. BOWDITCH

To Certain Stockholders of  
Wellesley Management Corporation:

Gentlemen:

I have been authorized by John P. Carter, on behalf of Wellesley Management ("Wellesley"), to offer to you the following proposal.

Upon your purchase of shares of Common Stock of Wellesley, you agreed with Wellesley that you would receive interest on your stock (in lieu of dividends) until and if Wellesley made a public offering of its stock. This interest was to be payable from the earnings of Wellesley and is now in arrears.

You are accordingly being offered by Wellesley the right to elect to receive one share of Wellesley stock for each share presently held by you. This right is exercisable by you on or before September 13, 1974 by written notice to Wellesley and upon your exercise of this right, you will receive your additional shares of Wellesley and will in turn forfeit all rights to then accrued and to future interest payments in respect of your Wellesley shares.

If you desire to accept this proposal, please sign and date the attached copy of this letter and return it to me in the enclosed stamped addressed envelope.

Sincerely,

*John R. Blake*  
John R. Blake

Mailed to:

Ernest L. Johnston  
307 Pakachong Street  
Auburn, Mass.  
(10,000 shares)

Joseph Cariglia, Esq.  
390 Main Street  
Worcester, Mass.  
(20,000 shares)



APPENDIX P<sup>4</sup>

-2-

John H. Donovan, Jr., M.D.  
7 Bryant Avenue  
Shrewsbury, Mass.  
(5,400 shares)

John F. Carter  
12 Monticello Drive  
Paxton, Mass.

ed to this 8th day of September, 1973.

*John F. Carter*

APPENDIX P<sup>4</sup>

BOWDITCH, GOWETZ & LANE  
COUNSELLORS AT LAW

311 MAIN STREET  
WORCESTER, MASSACHUSETTS 01099  
TELEPHONE 617 791-2511

STANLEY G. GARDNER  
IRENE GOWETZ  
COUNTESS

September 14, 1973

DORRIS A. BOWDITCH  
DANIEL E. LANE JR.  
DORIS B. GOWETZ  
JAMES B. GOWETZ  
AUSTIN W. DEANE  
RICHARD T. HANCOCK  
RICHARD B. HANCOCK JR.  
GORDON T. BARNES  
JAMES T. GOWEN  
CHARLES BOWEN  
CHRISTOPHER CHRISTOPHER  
MICHAEL J. LEBLANC  
ERIN H. MILLER  
GEORGE W. BROWN  
MICHAEL T. ANDERSON  
JAMES B. BLAKE  
MICHAEL G. BROCKELMAN  
DORIS T. BARNES JR.  
JAMES E. BARNES JR.  
JAMES T. GOWEN  
JAMES H. BARNHILL

To Certain Stockholders of  
Wellesley Management Corporation:

Gentlemen:

I have been authorized by John F. Carter, on behalf of Wellesley Management ("Wellesley"), to offer to you the following proposal.

Upon your purchase of shares of Common Stock of Wellesley, you agreed with Wellesley that you would receive interest on your stock (in lieu of dividends) until and if Wellesley made a public offering of its stock. This interest was to be payable from the earnings of Wellesley and is now in arrears.

You are accordingly being offered by Wellesley the right to elect to receive one share of Wellesley stock for each share presently held by you. This right is exercisable by you on or before September 13, 1974 by written notice to Wellesley and upon your exercise of this right, you will receive your additional shares of Wellesley and will in turn forfeit all rights to then accrued and to future interest payments in respect of your Wellesley shares.

If you desire to accept this proposal, please sign and date the attached copy of this letter and return it to me in the enclosed stamped addressed envelope.

Sincerely,

*John R. Blake*  
John R. Blake

Mailed to:

Ernest L. Johnson  
307 Pakachoag Street  
Auburn, Mass.  
(10,000 shares)

Joseph Cariglia, Esq.  
390 Main Street  
Worcester, Mass.  
(20,000 shares)

John H. Donovan, Jr., M.D.  
7 Bryant Avenue  
Shrewsbury, Mass.  
(5,400 shares)

John F. Carter  
12 Monticello Drive  
Paxton, Mass.

Agreed to this 26<sup>th</sup> day of September, 1973.

*John F. Carter*

BOWDITCH, GOWETZ & LANE  
COUNSELLORS AT LAW  
311 MAIN STREET  
WORCESTER, MASSACHUSETTS 01608

TELEPHONE 617 781-2844

September 27, 1973

ROBERT S. BOWDITCH  
WARREN E. LANE, JR.  
DONALD S. GOWETZ  
JAMES S. GOWETZ  
AUSTIN W. DEANE  
RAYMOND T. BROWN  
RICHARD H. HODULMAN, JR.  
DAVID T. BOWDITCH  
JAMES F. DICKMAN, JR.  
CHARLES BOWEN  
CHRISTOPHER LUK STORACE  
WILLIAM J. LEBLANC  
ERWIN H. MILLER  
GEORGE W. BROWN  
MICHAEL F. ANDRELLI

STANLEY G. BARKER  
WENDE GOWETS  
EDWARD

JOHN S. BART  
MICHAEL S. BARKERMAN  
HARRY T. BURGESS, JR.  
JAMES E. WALLACE, JR.  
DANIEL J. COTTON  
JAMES H. GARRIN  
STANFORD M. J. MATHIAU  
JAMES S. BARKER, JR.

Mr. William R. Fulginiti  
7 Squantum Road  
Paxton, Massachusetts

Re: John F. Carter - Wellesley  
Management Corporation  
("Wellesley")

Dear Mr. Fulginiti:

By deed dated November 30, 1972 from you and Mrs. Fulginiti to John Carter, you exchanged title to Lots 5, 6, 7 and 10, Block 865 in Port St. Lucie, Florida for 10,000 shares of Wellesley Common Stock.

I have been authorized by John Carter to make the following offer to you. Mr. Carter will reded said lots back to you and Mrs. Fulginiti; you will retransfer to Mr. Carter the 10,000 shares of Wellesley Common Stock; and you will pay to Mr. Carter the costs associated with the original transfer and this retransfer, namely: \$300 attorney fees and \$230 transfer taxes and recording fees, for an aggregate of \$530.

This offer by Mr. Carter will expire at the close of business on Friday, October 5, 1973 and accordingly I should receive by that time, in the enclosed stamped addressed envelope, a copy of this letter as executed by you and Mrs. Fulginiti and indicating your acceptance or rejection of this offer.

If you have any questions, please contact me or John Carter. Thank you.

Sincerely,

*John R. Hilde*  
John R. Hilde

JRB/vh  
Enclosures  
cc: John F. Carter

Mr. William R. Fulginitti - 2 - September 27, 1973

☒ We hereby accept the above offer.☐ We hereby decline the above offer.

Dated:

*William R. Fulginitti*  
 William R. Fulginitti

*Louise N. Fulginitti*  
 Louise N. Fulginitti

**FORM ADV**  
 (Revised 9-1-68)  
 Page 1

**APPLICATION FOR REGISTRATION AS AN INVESTMENT  
 ADVISER OR TO AMEND SUCH AN APPLICATION UNDER  
 THE INVESTMENT ADVISERS ACT OF 1940**

SECURITIES AND EXCHANGE COMMISSION • WASHINGTON, D.C. 20549

FILE NO.	801
DOC. REG. NO.	

(Read instruction sheet before preparing Form. Please print or type.)

1. (a) If this is an APPLICATION for registration, check here, ☒ and complete all items in full.  
 (b) If this is an AMENDMENT to an Application, check here, ☐ and specify below all parts which are amended.  
 Item(s) \_\_\_\_\_ of Page 1 of Form ADV Schedule A \_\_\_\_\_ Schedule B \_\_\_\_\_  
 Item(s) \_\_\_\_\_ of Page 2 of Form ADV Schedule C \_\_\_\_\_ Schedule D \_\_\_\_\_ Schedule E \_\_\_\_\_  
 Item(s) \_\_\_\_\_ of Page 3 of Form ADV

2. Full name of Applicant or Registrant: (If individual, state last, first, middle name)  
 DeGrazia & Associates, Inc.

3. Name under which business is conducted, if different:  
 N/A

4. If name of business is hereby amended, state previous name here:  
 N/A

5. Address of principal place of business: (Do not use P.O. Box Number)  
 203B Bahama Drive Norwood Mass. 02062  
 (No. and Street) (City) (State) (ZIP Code)

6. Mailing address, if different:  
 N/A

7. Is Applicant taking over all or substantially all of the assets and liabilities and continuing the business of a registered investment adviser?  
 If yes, state:  
 (a) Date of succession: \_\_\_\_\_ Yes ☐ No ☒  
 (b) Full name and IRS Empl. Ident. No. of predecessor: \_\_\_\_\_  
 (c) Address of predecessor: \_\_\_\_\_  
 (No. and Street) (City) (State) (ZIP Code)

8. Applicant or Registrant consents that notice of any proceeding before the Commission in connection with its application for or registration as an investment adviser may be given by sending notice by registered or certified mail or confirmed telegram to the person named below, at the address given.  
 Carr Lawrence D.  
 (Last name) (First name) (Middle name)  
 203B Bahama Drive  
 (No. and Street)  
 Norwood Mass. 02062  
 (City) (State) (ZIP Code)

9. EXECUTION: The Applicant or Registrant submitting this Form and its attachments and the person by whom it is executed represent hereby that all information contained therein is true, current and complete. It is understood that all required items and Schedules are considered integral parts of this form and that the submission of any amendment represents that all unamended items and Schedules remain true, current and complete as previously submitted.

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
 DeGrazia & Associates, Inc.  
 (Name of Corporation, Partnership or other organization)  
*Lawrence D. Carr*  
 (Manual signature of Sole Proprietor, General Partner, Managing Agent or Principal Officer)  
 Treasurer  
 (Title)

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 80b-17)

(All items on this page must be answered in full.)

DO NOT WRITE BELOW THIS LINE—FOR SEC USE



## Schedule A of FORM ADV

(Answers in response to ITEM 12(i) of FORM ADV.)

I. Full name of Applicant or Registrant exactly as stated in Item 2 of Form ADV:

DeGrazia &amp; Associates, Inc.

II. Name under which business is conducted if different:

N/A

III. Complete and mark appropriate columns for (a) officers, directors and persons with similar status or functions and (b) any other person who is directly or indirectly the beneficial owner of authorized shares of any class of equity security of applicant or registrant. Place an asterisk (\*) after the name of the person for whom a change in title, status or stock ownership is being reported. Place a double asterisk (\*\*) after the names of persons which are ADDED to those furnished in the most recent previous filing.

or persons when are added to the partnership in the most recent previous year.

FULL NAME			RELATIONSHIP		SEC. USE	SOCIAL SECURITY NUMBER	% of OWNERSHIP					CLASS	SEC. USE
			BEGINNING DATE	TITLE OR STATUS			From 0 To 10	From 10 To 25	From 25 To 50	From 50 To 75	From 75 To 100		
Last	First	Middle	Mo.	Yr.									
DeGrazia, Joseph M.					Pres. Direc.	01	029-18-8662					X	common
Carr, Lawrence D.					Treas. Direc.	02	011-38-1770	X					common
Zagarins, Ilze					Clerk Direc.	03	014-36-1843	X					common
						04							
						05							
						06							
						07							
						08							
						09							
						10							
						11							
						12							
						13							
						14							
						15							
						16							

IV. List below names reported in the most recent previous filing pursuant to this Item which are DELETED hereby:

FULL NAME <small>Last First Middle</small>			ENDING DATE <small>Mo. Yr.</small>		SOCIAL SECURITY NUMBER	Date as stated in ITEM 9 of FORM ADV accompanying this Schedule.

If any item on this page is amended, you must answer in full all other items on this page and file with a completed and executed page one.

## PROPOSAL OF OCTOBER 17, 1973 RE: WELLESLEY MANAGEMENT CORP.

- Carter's stock interest reduced to 20%
  - BDI shareholders to pay equivalent value for stock or be considered a part of Carter's interest (cf. Fulginetti).
- All litigants and potential litigants represented by me would execute releases, etc. and Carter relieved of obligations re: Wellesley.
- BDSC stock returned to Carter.
- Carter retains seat on expanded Board.
- Carter returns all corporate property and signs releases.
- SEC abates investigation.

## Alternatively:

- Carter divests himself completely.
- BDI shareholders pay equivalent value for stock or return same (cf. Fulginetti)
- Releases, SEC as above in 2, 5 and 6.
- BDSC stock returned.
- Carter retains automobile.
- Possible delayed payment to Carter, once Wellesley book value exceeds cash investment by shareholders.

APPENDIX Q<sup>1</sup>

Newell, Savrann & Miller

Attorneys at Law  
One Court Street  
Boston 02108

Edward F. Newell  
Richard A. Savrann  
Howard M. Miller  
Howard J. Wayne

November 9, 1973

227-9350  
Area Code 617

Peter Ambrosini, Esquire  
One Boston Place  
Boston, Massachusetts 02108

Re: Settlement of William Dickey vs. John F. Carter  
and all related matters

Dear Mr. Ambrosini:

To the effect final settlement of all outstanding  
claims among the following parties, namely:

William Dickey, Ernest Johnson, John Donovan,  
Joseph DeGrazia, Lawrence Carr, Bernard McGee, Joseph  
Cariglia, Wellesley Management Corp., Brokers Diversified  
Services Corp. and certain minority shareholders of  
Wellesley Management Corp. who are also shareholders of  
Brokers Diversified Corp., it is proposed as follows:

1. All parties named (and any other similarly  
situated) will execute cross-releases and covenants not  
to sue. Pending suits will be withdrawn.
2. All shareholders in the corporations named will  
release their stock to the corporations (or to Carter).
3. The shareholders of Wellesley who are also share-  
holders of BDI will receive equivalent percentage interest  
in the new venture formed to succeed Wellesley Management  
Corp., but not more than a 5% interest in toto.
4. The new venture will take over present quarters of  
Wellesley Management Corp. and will pay November's rent (if  
they occupy on or before November 15).

cont'd....

APPENDIX Q<sup>1</sup>

Newell, Savrann & Miller

Peter Ambrosini

-2-

November 9, 1973

5. The new venture will buy five desks with chairs,  
conference room table and chairs, file cabinets and all  
other miscellaneous equipment and fixtures on the site  
as of November 1, 1973, from Wellesley for \$2,000.

6. Carter will inform Security-Connecticut Life  
Insurance Company to forward renewal commissions on William  
Dickey's business directly to William Dickey in the future.

7. All parties will agree not to harass, defame or  
slander any other party.

8. Upon acceptance in writing of this proposal by  
John Carter (deadline - November 12th, 1973 10 a.m.)  
counsel will draft permanent agreement and other instruments  
required for execution by all parties.

9. Upon execution of all instruments by all parties  
respective counsel agree to confer jointly with appropriate  
regulatory agencies to inform them of developments.

*Richard A. Savrann*  
Richard A. Savrann

Accepted and assented to:

Date \_\_\_\_\_ John F. Carter

RAS/pag

## APPENDIX R

## The Commonwealth of Massachusetts

Secretary of the Commonwealth

## ABSTRACT OF ARTICLES OF ORGANIZATION

Lexington Management Corp.

Name of Corporation  
C/O Richard A. Savrann 1 Court St. Boston, Mass. 02108Location  
11/7/73Date of Incorporation  
Joseph DeGrazia 141 Pleasant St. Lexington, Mass. 02173President  
Lawrence D. Carr. 203B Bahama Dr. Norwood, Mass. 02062Treasurer  
Richard A. Savrann 11 Sheridan Rd. Andover, MassClerk  
Joseph DeGrazia 141 Pleasant St. Lexington, Mass. 02173Directors  
Dr. John Donovan 30 Julio Dr. Shrewsbury, Mass.

Joseph Variglia 188 Lincoln St. Worcester, Mass.

Bernard McGee 87 Bay State Rd. Chicopee, Mass.

Ernest Johnson 6 Johnson St Auburn, Mass.

William Dickey 78 North Broadway Salem, New Hampshire and

The total capital stock to be authorized is as follows:

Lawrence D. Carr 203B Bahama Dr. Norwood, Mass 02062

Class of Stock	Without Par Value		With Par Value	
	No. of Shares	No. of Shares	Par Value	Amt.
Preferred				
Common		10,000	.01	\$100.00

The amount of capital stock now to be issued is as follows:

Class of Stock	Number of Shares	
	Without Par Value	With Par Value
Preferred		
Common		

## APPENDIX S

COPY  
BOWDITCH, GOWETZ & LANE  
340 MAIN STREET • ROOM 565  
WORCESTER, MASSACHUSETTS

October 2, 1973

Mr. Bernard G. McGee  
87 Bay State Road  
Chicopee, Massachusetts

Re: Brokers Diversified  
Services Corporation ("Services")  
- John F. Carter

Dear Mr. McGee:

Further to my letter to you of September 19, 1973, which I delivered to Mr. James Gendron for delivery to you, John Carter has asked me to convey the following to you:

- that he understands that you and Mrs. McGee have signed the letter, accepting the offer made therein and have delivered the signed letter to Mr. Gendron; and
- that Mr. Gendron, as your agent and in your behalf, is now negotiating with Mr. Carter as to the terms of said offer; and
- that the offer made in my said letter will expire at the close of business on Wednesday, October 10, 1973, and in order for you to have accepted said offer, I must have received said signed letter by that time.

Basically, Mr. Carter is notifying you that while you may have intended to accept the offer when you signed the letter, formal acceptance does not take place unless the



APPENDIX S

- 2 -

signed letter is delivered to me before the above deadline.

Sincerely,

*John R. Blake*  
John R. Blake

JRB:bm

cc: Mr. John F. Carter  
600 Lincoln Street  
Worcester, Mass.

Via: Certified Mail - Return Receipt Requested

APPENDIX S<sup>1</sup>

DECLARATION OF RIETTA CASSIDY

CITY OF WORCESTER )  
COMMONWEALTH OF MASSACHUSETTS ) SS:

RIETTA CASSIDY, being duly sworn, deposes and says:

1. October 27, 1973, Mr. John F. Carter, by telephone, sent me down to Wellesley Management Corporation, Wellesley, Mass., to answer the telephone, since he had directed Mr. Blue Tegarins, who is Mr. Joseph DeGrazia's secretary. It was during that day, approximately 2:45 p.m., that Mr. Edward P. Delaney from the Securities and Exchange Commission in Boston called Mr. DeGrazia. The phone conversation was at 11:15 that

I answered the phone, a man asked "Is Joe there?" I told him, Mr. DeGrazia was out and asked him if there was any message. He said, "This is Mr. Delaney", and I said, "My I have your phone number, please". He gave it to me rather hurriedly, and when I asked what the phone call was in reference too, he hung up on me. Mr. Tegarins and myself sound very much alike over the phone, and naturally Mr. Delaney could not have known it was not her answering the phone. He seemed surprised that I should inquire either for the phone number or the reference.

2. Mr. Lawrence Carr, formerly the clerk of Wellesley Management Corp., and now Treasurer and member of the board of Wellesley Management Corp., confidentially informed me that Arthur F. Carr, the special trial counsel for the Securities and Exchange Commission, and the one most directly responsible for interrogating stockholders, was a close relative of his.

3. While answering the phone in July of 1973, in our office at 13 Bowdoin St., Boston, I talked with Mr. Joseph Lynch, investigator for the SEC. He asked for Mr. Robert Winthrop, treasurer of Brokers Diversified Fiduciary Corp., (subsidiary of Brokers Diversified Services Corp.). Whereupon, after a minute or two of conversation, Mr. Winthrop asked him "Is Floyd there?" (Floyd Gilbert, Director of the SEC). Whereupon Mr. Winthrop confided that he and Mr. Gilbert were close political friends, since Winthrop was campaign manager for Senator John Quinlan.

By:

*Rietta Cassidy*  
Rietta Cassidy

COMMONWEALTH OF MASSACHUSETTS

WORCESTER SS.

Then personally appeared the above named RIETTA CASSIDY and made oath that the foregoing was true to the best of her knowledge and belief, before me.

December 10, 1974

BEST COPY AVAILABLE

4-24-74

## SEC Adopts Rule Listing Standards For Private Offers

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—The Securities and Exchange Commission adopted a new rule specifying when a company may sell securities without registering them with the agency.

The rule, first proposed in November 1972 and revised and reissued for comment last October, sets "objective standards" for determining when a stock offering qualifies as a private placement exempt from the registration and public-disclosure requirements. Lawyers have long been confused about the current standards.

Private placements are used by young companies that want to raise funds without incurring the cost of registration and in certain business combinations. Buyers of privately issued securities are generally sophisticated investors.

Under the new rule, which takes effect June 10, an offering generally qualifies as a private placement when a company:

- Provides potential investors with access to the same type of financial and business information that would be contained in a registration statement.
- Determines the investors or their representatives are sophisticated and able to bear the risk of the purchase.
- Doesn't publicly advertise the sale.
- Sells the securities to a maximum of 35 buyers, with the exception that those who buy for cash \$150,000 or more of securities are excluded from this number.

The agency dropped from its most recent proposal a section that would have required companies to report certain private sales to the SEC.

JOSEPH J. CARIGLIA  
ATTORNEY AND COUNSELLOR AT LAW  
188 LINCOLN STREET  
WORCESTER, MASS. 01605

June 25, 1973

To Whom it May Concern:

Please be advised that prior to investigating in Wellesley Management Corporation I investigated and discussed this matter fully with Mr. DeGrazia and John Carter of said Company and I am confident now as I was then that this company and my investment will ultimately prove profitable.

Very truly yours,

JOSEPH J. CARIGLIA

JJC:msa

APPENDIX T<sup>1</sup>

DR. JOHN H. DONOVAN  
DR. RONALD M. SCHMIDT  
25 JULY 82  
SHREWSBURY, MASS 01848

TELEPHONE (508) 853-8333 (DR. DONOVAN'S)  
(508) 853-8333 (DR. SCHMIDT'S)

June 26, 1973  
15 Bryant Ave  
Shrewsbury, Mass

To whom it may concern:

I, John H. Donovan, Jr., do hereby state that this letter is freely and voluntarily written to affirm my trust and confidence in the members of Berkshire Investment Inc. and Wellesley Management Inc. These men namely John Carter, Joseph DeGregia and Kenneth Swift with whom I have been personally associated have demonstrated all the qualities which I believe are necessary in real men who are investment brokers: truthfulness, knowledge, candor, loyalty, sincerity and initiative. They have always been "above board" in their dealings with me, and I would recommend them highly to my friends.

Specifically, I was fully informed about my investment in Wellesley Management and have been completely satisfied with their handling of my account.  
Respectfully, John H. Donovan, Jr.

APPENDIX T<sup>1</sup>

June 13, 1973

Dear Sir:

On June 6th, 1972, I bought stock in the Service Corp. from John Carter.

At that time, Mr. Carter explained fully to my satisfaction the make-up of the company and the expected growth which should result in a fair return of my money.

We had no qualms at the time of the investment and still feel very secure in our investment.

We've known Mr. Gordon and Mr. Carter for some time and it was the integrity of these two men which led us to invest in this company.

Sincerely,  
Bernard J. Mc Lee



APPENDIX T<sup>1</sup>

To Whom it may concern,  
on December 20, 1972 we  
bought stock in Berke Investments  
at which time we received  
a full disclosure from Mr.  
Carter and Mr. John Donnell.  
Mr. Donnell also gave us the  
opportunity to purchase J.C.  
Bonds for the same amount and  
after about 30 days of deliberation we  
decided on a long term investment  
in Berke Investments.

Sincerely  
Ernest L. Johnson  
John M. Donnell

APPENDIX T<sup>1</sup>

June 20, 1973

To Whom it May Concern:

Please be advised that I, Ernest L. Johnson, during the month of August 1972, visited and talked with Mr. John Carter and Kenneth Swift concerning a business opportunity in the Wellesley Management Corp. I was impressed and interested in this opportunity, so I set up a second meeting with these two men to meet with my accountant (Mr. Irving Rosenblum) and myself. After this second meeting, which lasted about two hours, Mr. Rosenblum and I left to go over all the details of this opportunity before making decision. Later this day, I notified Mr. Carter that I would be interested in investing in Wellesley Management Corp..

I feel that I was fully informed about this corporation before I invested, and fully understood that this was a long term investment.

On August 25, 1972, I gave Mr. John Carter a check in the amount of \$25,000.00, which was payment for 10,000 shares of stock in Wellesley Management Corp..

At a later date, I did have a meeting with Mr. Joseph Degrazia, President of Wellesley Management Corp. to fully acquaint myself with this corporation and its management. I feel confident that my investment in this corporation has been a wise decision, and further feel that I have a great opportunity by having done so.

Very truly yours,

*Ernest L. Johnson*  
Ernest L. Johnson  
307 Pakachog St.  
Auburn, Mass.

6/16/73

To whom it may concern

On or about Oct 1<sup>ST</sup> 1972 I was introduced to Joseph E. Dwyer (Pres of Wellesley Management) by John Carter (Treas of Wellesley Management). Both E. Dwyer and Carter, at that time gave me a full disclosure of the Company, of which I was very impressed. It was a few weeks later when I sat down with John Carter to exchange John Carter's Wellesley Management stock for some land I had owned in Port Saint Lucie, Florida. At this point in time, I have full confidence in both the principals & stock of Wellesley that this should be a pretty good investment in the future.

Respectfully,  
William L. Galt

JOHNSON &amp; JOHNSON

Boston, Massachusetts 02108

October 19, 1973

Mr. John Carter  
Brokers Diversified, Inc.  
13 Bowdoin Street  
Boston, Massachusetts

Dear John:

The recent settlement offer<sup>10/17/73</sup> presented by Richard Savrann, Esq. on behalf of his clients and your response thereto have caused us to re-examine and re-evaluate your present situation, both as it relates to the pending investigation of the SEC, the Dickey litigation, and threatened litigation by certain shareholders of Wellesley Management.

It would appear to us that a settlement can be reached in this matter if both sides are reasonable. Moreover, it would appear that a reasonable settlement of this matter would be in your best interest, both present and future, from an economic as well as legal point of view. We note that it is our impression that your current attentions are focused on the development and enhancement of your non-securities corporation, BDSC.

We have been retained to represent you and to advise you as we deem appropriate, even if that requires us to recommend a different course of action than that which you might prefer. Accordingly, we are convinced that if a reasonable disposition of the matters pending with Mr. Savrann's clients is not made at an early date you will suffer severe consequences, both economic and legal.

While we concur with your estimation that if a settlement is not reached in the Wellesley matter, it could cause the corporation to fail with attendant losses to the Savrann group, it is also clear that such a failure would cause you personally to suffer by eliminating Wellesley as a viable and perhaps profitable business and by subjecting you to a series of suits alleging corporate mismanagement and/or misrepresentations in connection with the sale of its securities. Without discussing the events at BDI and its substantial contingent problems, our understanding of the events which have occurred at Wellesley, which is based upon information

Mr. John Carter

APPENDIX U  
-2-

October 19, 1973

provided to us by you, Mr. Savran and the SEC, would indicate that Mr. DeGrazia and you as officers and directors would have substantial liabilities to the minority group for the management of the affairs of Wellesley, including but not limited to the disposition of corporate funds and the issuance of corporate securities. Moreover, we are concerned that the initiation of litigation by minority shareholders of Wellesley would cause the SEC to immediately take enforcement action against you personally which could include a petition for a temporary receiver for Wellesley and/or Brokers Diversified, Inc.

We are certain that if you choose to undertake this course of action without first entering into serious negotiations you will be faced with substantial expenses for legal representation and a possible significant loss of business opportunity by the damage to your reputation which would necessarily ensue, particularly from the SEC proceeding. Moreover, such litigation would, in our view, based on our previous experience, cause the SEC to delay approving for an indefinite period any registration statement for any corporation in which you are a principal.

If you still wish to pursue what we must view as a self-destructive course of action, we would require a substantial retainer of at least \$10,000 to represent you in these matters.

We request therefore that you meet with us immediately to discuss the foregoing.

Sincerely,

*Peter Ambrosini*  
Peter Ambrosini

PA/bsj

APPENDIX V

ADMINISTRATIVE  
FILE NO. 3-4421

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

JAN 1 1974

In the Matter of	:	
Brokers Diversified Inc.	:	ORDER FOR PUBLIC PROCEEDINGS
Wellesley Management Corp.	:	PURSUANT TO SECTIONS 15(b)
John F. Carter	:	AND 15A OF THE SECURITIES
	:	EXCHANGE ACT OF 1934 AND
File No. B-838	:	SECTION 203(e) OF THE
	:	INVESTMENT ADVISERS ACT OF
	:	1940.

I

The Commission's public official files disclose that:

A. Brokers Diversified Inc. ("Brokers") is a registered broker-dealer (File No. 3-16841) located at 600 Lincoln Street, Worcester, Massachusetts. It became registered with the Commission on November 26, 1971.

B. Wellesley Management Corp. ("Wellesley") is a registered investment adviser (File No. 801-6808-1) located at 55 Williams Street, Wellesley, Massachusetts. It became registered with the Commission on August 23, 1972.

C. John F. Carter ("Carter") of 12 Monticello Drive, Paxton, Massachusetts, is controlling shareholder of both Brokers (800,000 shares out of 829,000 outstanding) and Wellesley (790,000 shares out of 835,400 shares outstanding). Carter resigned as an officer (president and treasurer) of Brokers on July 17, 1973. He is presently the treasurer of Wellesley, and is the dominating force behind both companies.

D. No registration statement is on file or in effect with respect to the securities of Brokers or Wellesley.

E. Brokers Diversified Services Corporation, an affiliate of Brokers and Wellesley and also owned 83% by Carter, filed in the Boston Regional Office on June 14, 1972 a Notification pursuant to Regulation A for the sale of 100,000 shares of its \$.01 par value common stock at \$5 per share.

II

As a result of an investigation the Division of Enforcement alleges that:



APPENDIX V

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A. During the period from on or about June 1972 to the present Brokers and Wellesley wilfully violated and Carter wilfully aided and abetted violations of Section 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") in that said persons, directly and indirectly, made use of the means and instruments of transportation and communication in interstate commerce and of the mails to offer to sell, sell and deliver after sale shares of the common stock of Brokers and Wellesley when no registration statement was filed or in effect as to said securities pursuant to the Securities Act.

B. During the period from on or about June 1972 to the present, Brokers and Wellesley wilfully violated and Carter wilfully aided and abetted violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, in that said persons, by use of the means and instruments of interstate commerce and the mails, in offering, selling, purchasing and effecting transactions in securities, namely common stock of Brokers and Wellesley, directly and indirectly, obtained money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and engaged in transactions, acts, practices and a course of business which would and did operate as a fraud and deceit upon purchasers and prospective purchasers of such securities. As part of the aforesaid conduct and activities, said persons, among other things, would and did make false and misleading statements of material facts and omit to state material facts concerning, among other things:

- a. The misapplication and diversion of funds realized from the sale of Brokers and Wellesley stock;
- b. the payment of a guaranteed "interest in lieu of dividends" by Brokers and Wellesley to their stockholders, and the source thereof;
- c. the financial condition of Brokers and Wellesley;
- d. a prospective increase in the value of Brokers and Wellesley stock;
- e. the private nature of the Brokers and Wellesley offerings, and the restrictions on the stock sold as part of these offerings;
- f. a guarantee to exchange Brokers stock for stock in Wellesley.

III

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest and for the protection of investors that public proceedings be instituted to determine:

APPENDIX V

-3-

A. Whether the allegations set forth in Section II hereof are true and in connection therewith to afford Brokers Diversified Inc., Wellesley Management Corp. and John F. Carter an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest pursuant to Section 15(b) and 15A of the Securities Exchange Act of 1934 and Section 203(e) of the Investment Advisers Act of 1940.

IV

IT IS HEREBY ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof be held at a time and place to be fixed and before an Administrative Law Judge to be designated by further order as provided by Rule 6 of the Rules of Practice of the Commission.

IT IS FURTHER ORDERED that each party file an answer to the allegations contained in this order for proceedings within 15 days after service upon him of said order as provided by Rule 7 of the Rules of Practice of the Commission.

If any party fails to file the directed answer or fails to appear at a hearing after being duly notified, such party shall be deemed in default and the proceedings may be determined against such party upon consideration of the order for proceedings, the allegations of which may be deemed to be true, as provided by Rules 6(e) and 7(e) of the Rules of Practice of the Commission.

This order shall be served upon Brokers Diversified Inc., Wellesley Management Corp. and John F. Carter personally or by certified mail.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions of this or any factually related proceeding, will be permitted to participate or advise in the decision upon this matter except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule-making," within the meaning of Section 4(c) of the Administrative Procedure Act, it is not deemed to be subject to the provisions of that Section delaying the effective date of any final Commission action.

By the Commission.

*George A. Fitzsimmons*

George A. Fitzsimmons  
Secretary

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

In the Matter of	:	
BROKERS DIVERSIFIED SERVICES CORP.	:	ORDER TEMPORARILY SUSPENDING
600 Lincoln Street	:	EXEMPTION, STATEMENT OF
Worcester, Massachusetts 01605	:	REASONS THEREFOR, AND NOTICE
	:	OF OPPORTUNITY FOR HEARING.
Securities Act of 1933	:	
Section 3(b) and Regulation A	:	

## I

Brokers Diversified Services Corp. ("Services"), a Massachusetts corporation located at 600 Lincoln Street, Worcester, Massachusetts filed with the Commission on June 14, 1972, a notification on Form 1-A and an offering circular relating to a proposed offering of 100,000 shares of \$1.00 par value common stock at \$5.00 per share. These shares were to be offered on a best efforts basis. Several amendments have been filed, the most recent on April 5, 1973. Ridgewood Securities Corporation of 114 New Street, Boston and 3401 E. Oakland Park Boulevard, Fort Lauderdale, Florida 33305 was originally listed as the underwriter. Subsequent amendments substituted Invest Corporation, 15 Exchange Place, Jersey City, New Jersey and M.E. Rand Securities Inc., Seneca Turnpike, New Hartford, New York as the underwriters.

## II

The Commission, on the basis of information reported to it by the staff, has reasonable cause to believe that:

A. The notification and offering circular contain untrue statements of material facts and omit to state material facts necessary in order to make the statements made in the light of circumstances under which they were made not misleading, particularly with respect to the following:

1. The failure to reveal an obligation of the issuer to pay interest on its outstanding common stock.
  2. The failure to reveal an offer to present shareholders to exchange their shares in the issuer for shares of an affiliate.
  3. The failure to disclose the existence of a plan which was approved by the Massachusetts Insurance Commissioner for the mass marketing of auto insurance by one of the largest insurance companies in the Commonwealth of Massachusetts.
  4. The failure to disclose a stockholder's suit against issuer.
  5. Financial statements contained in the offering circular fail to reflect the agreement to pay interest on outstanding common stock and the basis upon which the interest is to be paid.
  6. Sales of unregistered securities by the issuer and affiliated issuers in violation of Sections 3 and 17 of the Securities Act of 1933.
- B. The terms and conditions of Regulation A have not been complied with in the following respects:
1. The notification fails to disclose the sale of unregistered shares to all persons required by Item 9.
  2. The offering circular fails to disclose the obligation to pay interest on unregistered common stock issued and the option to exchange such stock for stock of an affiliated company, and
  3. No exemption is available under the Regulation for the securities purported to be offered hereunder in that the offering, if made, would exceed the ceiling for the Regulation A exemption under Rule 254.
- C. The offering, if made, would be in violation of Section 17 of the Securities Act of 1933.

## III

It appearing to the Commission that it is in the public interest and for the protection of investors that the exemption of the issuer under Regulation A be temporarily suspended.

APPENDIX V

-3-

IT IS ORDERED, pursuant to Rule 261(a) of the General Rules and Regulations under the Securities Act of 1933, as amended, that the exemption of the issuer under Regulation A be, and it hereby is, temporarily suspended.

IT IS FURTHER ORDERED, pursuant to Rule 7 of the Commission's Rules of Practice, that the issuer file an answer to the allegations contained in the order within thirty days of the entry thereof.

NOTICE IS HEREBY GIVEN that any person having any interest in the matter may file with the Secretary of the Commission a written request for a hearing within thirty days after the entry of this order; that within twenty days after receipt of such request the Commission will, or at any time upon its own motion may, set the matter down for hearing at a place to be designated by the Commission for the purpose of determining whether this order of suspension should be vacated or made permanent, without prejudice, however, to the consideration and presentation of additional matters at the hearing; and that notice of the time and place for said hearing will be promptly given by the Commission. If no hearing is requested and none is ordered by the Commission, the order shall become permanent on the thirtieth day after its entry and shall remain in effect unless it is modified or vacated by the Commission.

By the Commission.

*George A. Fitzsimmons*  
George A. Fitzsimmons  
Secretary

APPENDIX W

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Rel. No. 109387 August 1, 1974

INVESTMENT ADVISERS ACT OF 1940

Rel. No. 9457 August 1, 1974

SECURITIES ACT OF 1933

Rel. No. 55177 August 1, 1974

Admin. Proc. File Nos. 3-4421 and 3-4436

In the Matters of

BROKERS DIVERSIFIED, INC.  
13 Bowdoin Street  
Boston, Massachusetts  
(8-16841)

WELLESLEY MANAGEMENT CORP.  
55 Williams Street  
Wellesley, Massachusetts  
(801-8808)

JOHN F. CARTER

BROKERS DIVERSIFIED SERVICES CORP.  
600 Lincoln Street  
Worcester, Massachusetts  
(248-1869)

FINDINGS AND ORDER IMPOSING REMEDIAL SANCTIONS AND PERMANENTLY SUSPENDING  
REGULATION A EXEMPTION

These are consolidated proceedings (1) under the Securities Exchange and Investment Advisers Acts with respect to Brokers Diversified, Inc. ("Brokers"), a registered broker-dealer and a member of the National Association of Securities Dealers, Inc. ("NASD"), Wellesley Management Corp., a registered investment adviser, and John F. Carter, controlling shareholder of both, and (2) pursuant to Rule 261 of Regulation A under the Securities Act with respect to Brokers Diversified Services Corp. ("BDS"), an affiliate of Brokers and Wellesley which Carter also controls.

BDS filed a notification and offering circular with the Commission for the purpose of obtaining an exemption from the registration requirements of the Securities Act, pursuant to Section 3(b) thereof and Regulation A thereunder, with respect to a proposed offering of 100,000 shares of 1-cent par value common stock at \$5.00 per share. On February 12, 1974, the Commission issued an order temporarily suspending the exemption.



APPENDIX W

-2-

34-10938

Respondents failed to appear at a hearing of which they were duly notified. 1/ Accordingly, on the basis of the allegations in the order for proceedings and the temporary suspension order, it is found that:

1. During the period from about June 1972 to January 13, 1974, Brokers and Wellesley, willfully aided and abetted by Carter, willfully violated Sections 5(a) and 5(c) of the Securities Act in that they offered, sold, and delivered after sale shares of their own common stock when no registration statement under that Act had been filed or was in effect as to such securities.

2. During the same period, Brokers and Wellesley, willfully aided and abetted by Carter, willfully violated Section 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder in that, in the offer and sale of their own common stock, they made material misstatements and omissions concerning their financial condition, the private nature of their stock offerings and the restrictions on the stock sold therein, the misapplication and diversion of sales proceeds, the payment of guaranteed "interest in lieu of dividends" and the source thereof, a prospective increase in the value of their stocks, and a guarantee to exchange Brokers stock for stock in Wellesley.

3. The EDS notification and offering circular contained material misstatements and omissions with respect to unlawful sales of unregistered securities of the issuer and its affiliates, the obligation of the issuer to pay interest on its outstanding common stock, a stockholder's suit against the issuer, an offer to shareholders to exchange their shares in the issuer for shares of an affiliate, and potential competition to the issuer's business.

4. The terms and conditions of Regulation A were not complied with in that the proposed offering by EDS, if made, would have exceeded the applicable ceiling for a Regulation A exemption under Rule 254.

In view of the foregoing, it is in the public interest to revoke the registrations of Brokers and Wellesley, to expel Brokers from NASD membership, to bar Carter from association with any broker-dealer, and to suspend permanently EDS' Regulation A exemption.

Accordingly, IT IS ORDERED that the registrations of Brokers Diversified, Inc. as a broker and dealer and of Wellesley Management Corp. as an investment adviser be, and they hereby are, revoked; that Brokers Diversified, Inc. be, and it hereby is, expelled from membership in the

1/ Rule 6(e) of the Commission's Rules of Practice provides that a party's failure to appear at such a hearing shall be deemed a default and the Commission may, in such circumstances, determine the proceedings against such party upon consideration of the order for proceedings, the allegations of which may be deemed true as to such party.

APPENDIX W

-3-

34-10938

National Association of Securities Dealers, Inc.; that John F. Carter be, and he hereby is, barred from being associated with any broker-dealer; and, pursuant to Rule 261 of Regulation A under the Securities Act, that the exemption from registration with respect to the above public offering of Brokers Diversified Services Corp. be, and it hereby is, permanently suspended.

For the Commission, by the Office of Opinions and Review, pursuant to delegated authority.

*George A. Fitzsimmons*  
George A. Fitzsimmons  
Secretary



## Brokers Diversified Services Corporation

600 LINCOLN STREET • WORCESTER, MASSACHUSETTS, 01605  
 WORCESTER 817-852-0080 • WELLESLEY 817-852-0080

October 7, 1974

The Honorable Walter J. Skinner  
 Room 1503  
 John W. McCormack Building  
 Boston, Massachusetts

Re: John F. Carter, plaintiff  
 vs.  
 U. S. Securities and Exchange Commission,  
 Edward P. Delaney,  
 Floyd Gilbert,  
 Willis Riccio,  
 Colson & Shapiro, defendants

Dear Judge Skinner:

Last Thursday, I contacted your clerk, Phil Lyons, regarding an appointment with you. Mr. Lyons informed me that since I wasn't an attorney, but the plaintiff in the above suit, you could not grant me an appointment unless all of the parties were present. After explaining my problem to Mr. Lyons, he suggested that I write you.

I am presently without counsel, and the prospect of obtaining a competent, forthright law firm that will not compromise my interest is very doubtful. This is no idle statement. I have told my story and its documentation to countless law firms, all have agreed that a grave injustice has taken place, but all have refused to represent me.

Last May 20, 1974, I was held in default for refusing to attend a Securities and Exchange Commission hearing. Ill advised by former counsel, I was led to believe that a hearing could not be held until the General Counsel's Office of the Securities and Exchange Commission investigated my charges, (a conspiracy had existed on the part of their Boston office to extort four companies from me), and if hearings were held in lieu of their General Counsel's Office investigating these charges (as the law requires), I would then have a suit for damages against the Securities and Exchange Commission. However, just the opposite has happened. By defaulting, I have given the Boston office an opportunity to use the default as a shield to hide behind. They are now able to say, that I had every opportunity to refute their charges at the May hearing, and further, the General Counsel's Office has taken the position that since I am suing Floyd Gilbert, Edward Delaney and Willis Riccio, they are no longer required to investigate my charges but are now compelled to legally defend Gilbert, Delaney and Riccio. (Strange logic even for the bureaucrats).

The Honorable Walter J. Skinner -2- October 7, 1974

Several days after the hearing, (5/23/74), my daughter was severely burned in a tragic accident while conducting an experiment in school. Because of the crucial nature of her wounds, my wife and I were required to commute to the Shriner Burns Institute, Boston, daily until the latter part of August, whereupon I immediately pursued the above. After much stalling on the part of my attorney, attempting to convince me that the Federal Courts could not temporarily enjoin the sanctioning activities of the Securities and Exchange Commission, I was able to persuade him to petition the courts for the same. He then filed a complaint which in effect not only asked for nothing, but further compounded the felony by omitting to reveal that Judge Walter J. Skinner was already presiding in this matter. (It would appear that the Securities and Exchange Commission had another judge in mind). Upon verification of the above, I have since discontinued his legal services. My interest has been compromised very badly, notwithstanding the fact that he wasted ten months of my time and money.

This letter is being written to you in an attempt to solicit the aid of the courts to assist me in finding an honest, competent lawyer. My story is rather bizarre.

It includes: Threats on my life and that of my secretary,  
 Out of pocket losses over \$200,000.00,  
 Three years of employment without salary or fees,  
 The Securities and Exchange Commission conspiring to  
 extort a company in behalf of a long time friend at the  
 expense of other stockholders.

Extorting of four companies, whose value was in the millions including one particular company the Securities and Exchange Commission directed to insert in its circular offering. "There is at this time no known business enterprise operating in the field of mass marketing of insurance". Thus at a time when mass marketing of group auto and fire insurance has been described as the greatest single innovation in the Insurance Industry in the last twenty years, Brokers Diversified Services Corporation was scheduled to become the first public company of its kind. This particular company is still being held in registration by the Securities and Exchange Commission in order to leverage me into negotiations.

Their strategy is simple enough:

- Suspend me and lock the only viable corporation that I have left in registration.
- Intimidate everyone so that my only legal representation is accomplished via back door negotiations.
- Stay out of the courts and further delay these costly proceedings.

In a futile attempt to bring me to my knees, I have received additional pressure from the Internal Revenue Service, Attorney Generals Office and Health, Education and Welfare Department. (I've heard from them all). They have also visited local banks to destroy my credit.

APPENDIX X

The Honorable Walter J. Skinner -3- October 7, 1974

When I refused, the Securities and Exchange Commission offer, (10/73), to "share" half of my Wellesley Management Corporation stock with Joseph DeGrazia, I fully understood the awesome powers of that office and resulting consequences if these powers were abused. However, maintaining one's integrity and principle does not come cheap.

Being an attorney does not give one a special franchise to commit illegal acts. I should think that especially in today's atmosphere, (the public's low assessment of the legal profession), that lawyers would welcome cases like mine as an opportunity to improve their image. I did not know that Three Frightened Little Bureaucrats operating in an illegal fashion could intimidate the entire legal profession.

What advise could you give a determined man seeking a just conclusion?

Very truly yours,

*John F. Carter*

John F. Carter,  
President

rc

APPENDIX Y  
COMMONWEALTH OF MASSACHUSETTS

WORCESTER, SS

SUPERIOR COURT

CIVIL ACTION # 1740

John F. Carter  
Brokers Diversified Inc.,  
Wellesley Management Corporation  
Brokers Diversified Services Corp.,  
Plaintiffs

vs.

Michael N. Abodeely,  
Michael N. Abodeely Jr.,  
Carl E. Baylis,  
Michael R. Revelli,  
Abodeely, Abodeely & Revelli,  
Abodeely, Baylis & Revelli Inc.,  
Defendants

COMPLAINT

1. John F. Carter is a citizen of the Commonwealth of Massachusetts and resides at 12 Monticello Drive, Paxton, Massachusetts.
2. Brokers Diversified Inc., a registered broker/dealer, File No. 8-16841, located at 600 Lincoln Street, Worcester, Massachusetts, and was registered with the Securities and Exchange Commission on November 26, 1971.
3. Wellesley Management Corp., a registered investment advisor File No. 801-8808-1, located originally at 55 William Street, Wellesley, Massachusetts, and was registered with the Securities Exchange Commission on August 23, 1972.
4. Brokers Diversified Services Corporation, is a Massachusetts corporation located at 600 Lincoln Street, Worcester, Massachusetts and has filed with the Securities Exchange Commission on June 14, 1972 notification on form 1-A and an offering circulation relating to a proposed offering under the Securities Act of 1933, Section 3B and Regulation A.
5. Up to and including October 1973, all of the above corporations, with John F. Carter as the principal shareholder, were going, viable and solvent corporations.
6. That all of the above defendants, Lawyers, represented the Plaintiffs from November 1973, (exhibit A) through September 1974, and during this period of time made adverse "LEGAL DECISIONS", causing various business reversals to the Plaintiffs.
7. Defendants advised Plaintiffs, (exhibit B), that the law required the General Counsel's Office of the Securities Exchange Commission to investigate charges against it's Boston Agency, and that if a scheduled hearing, (May 20, 1974), was held in lieu of that investigation, Plaintiffs would have a right of action against the Securities and Exchange Commission.
8. Because of the Defendants legal advise, Plaintiffs did not attend the scheduled hearing, May 20, 1974. Plaintiffs have been defaulted. (exhibit C)
9. As a result of the Default, Plaintiffs have been Barred from the Investment business, said corporations are now defunct. John F. Carter has been stigmatized for life.



APPENDIX Y

10. While representing the Plaintiffs, in Civil Action NOS. 74-2263-S, and 77, Defendants did not inform Plaintiffs that Attorney Joseph Cariglia (Defendant in the above cases), had been a roommate at law school with Defendant Michael N. Abodeely Jr., constituting a most serious breach of ethics and conflict of interest.

11. At all times the Plaintiffs were told by the Defendants that the courts could not Enjoin the Securities and Exchange Commission from sanctioning activities.

12. When Plaintiffs demanded that the Defendants file for temporary relief from the Securities and Exchange Commission, Defendants filed a suit against the Securities and Exchange Commission and deliberately lied on the FACE SHEET, (exhibit D), claiming they did not have prior knowledge of any related cases and did not ask the courts for temporary relief from the Securities and Exchange Commission sanctioning activities. (exhibit E)

13. Defendants refused to petition the courts to enjoin Lexington Management Corporation, Defendant in CA-74-2263-S, from stealing and servicing Wellesley Management Corporation, accounts. This was done to protect the personal investment of Attorney Cariglia and others at a great expense to the Plaintiffs.

14. The Defendants waived, ( against the Plaintiffs wishes ), the right to a trial by jury and refused to consolidate all related matters so as to impair the courts vision in this complex matter.

15. During this period of time Defendants were paid in excess of a Hundred Dollars A Day by Plaintiffs.

16. Plaintiffs desire a trial by jury. (exhibit F)

Wherefore Plaintiffs demand judgement against the Defendants for the sum of FIVE MILLION, (\$5,000,000.00), DOLLARS, INTEREST AND COST.

JOHN F. CARTER, individually and as  
a principal stockholder of  
BROKERS DIVERSIFIED INC.,  
WELLESLEY MANAGEMENT CORPORATION  
BROKERS DIVERSIFIED SERVICES CORP.,

By:

JOHN F. CARTER

APPENDIX Z



Brokers Diversified Services Corporation

600 LINCOLN STREET • WORCESTER, MASSACHUSETTS, 01605  
617-852-0080

February 6, 1975

Mr. Ray Garrett, Jr.  
Chairman  
Securities and Exchange Commission  
500 No. Capitol Street  
Washington, D. C.

Re: File No. B-858

Dear Chairman Garrett:

Last May 20, 1974, a hearing was held in Boston, Massachusetts, with the Honorable Robert Wagner presiding. Due to a conspiracy which included my former attorneys, I was advised that the law required the General Counsel's Office of the Securities and Exchange Commission to investigate my charges against it's Boston Agency, and that if a scheduled hearing, (May 20, 1974), was held in lieu of that investigation, I would have a right of action against the Securities and Exchange Commission. As a result of this advise I did not attend the hearing and was defaulted. (exhibit A).

Also, enclosed please find copies of Riitta Cassidy's affidavit, Judge Skinner and Attorney Barrett letters. (exhibit B).

In view of the above and it's documentation, I respectfully request you to re-open my case for a full hearing of the facts.

Very truly yours,

John F. Carter  
John F. Carter

rc

enclosures

## BEFORE THE SECURITIES AND EXCHANGE COMMISSION

-----X  
 In the Matter of: : Administrative Proceedings Nos.:  
 :  
 BROKERS DIVERSIFIED, INC., : 3-4421  
 et al : 3-4436  
 :  
 -----X

Hearing Room, Fifth Floor  
 150 Causeway Street  
 Boston, Massachusetts

Monday, May 20, 1974

The above-entitled matter came on for hearing,  
 pursuant to notice at 10:00 o'clock a.m.

## BEFORE:

Honorable EDWARD R. WAGNER, Administrative Law Judge

## APPEARANCES:

On behalf of the S.E.C.:

Willis H. Riccio, Division of Enforcement

Katherine Keane, Division of Enforcement

JUDGE WALKER: Administrative Law Judge Exhibit No.  
 1 is received in evidence.

(The document above-referred to,  
 heretofore marked Administrative  
 Law Judge Exhibit No. 1, was  
 received in evidence.)

JUDGE WALKER: Off the record.

(Discussion off the record.)

JUDGE WALKER: Back on the record.

Mr. Riccio?

MR. RICCIO: Your Honor, I should like to state at  
 this time that subsequent to the Court order directing discov-  
 ery on the part of the Division and also counsel for the  
 Respondents, the Division did undertake to make such discovery  
 and provided copies of all documents and transcripts as out-  
 lined in the Court's order. And, during the course of  
 discussions set forth in Administrative Law Judge Exhibit 1,  
 after Mr. Abodeely referred to the material we provided him  
 with, he indicated to me that he might want to come back with  
 Mr. Carter and examine the material further.

Subsequent to that he called me at approximately  
 9:45 a.m. on May 15th, 1974 -- this is Mr. Abodeely -- and  
 advised me that his client, Mr. Carter, on Monday of that week  
 had called the Commission's General Counsel's office in  
 Washington, and inquired with respect to a collateral matter

that he had requested that the General Counsel's office investigate, dealing with certain matters involving the staff of the Boston Regional Office.

Mr. Abodeely related further that his client was dissatisfied with the response he received from the Commission's General Counsel's office, and that he himself also spoke with members of the General Counsel's staff, and indicated that he was dissatisfied with their response. The matter related to a request that the investigative procedures of the Boston Regional Office be investigated.

I will state for the record that I don't think they have any relevance to this proceeding in any respect, even if the proceeding should go forth in a full adversary manner.

Mr. Abodeely advised me further, over the phone, that in view of his client's dissatisfaction, and his dissatisfaction with the responses they received from the General Counsel's office, he would not appear at the hearing scheduled for today at the time and place designated.

I inquired of Mr. Abodeely whether or not he was still acting as counsel for Mr. Carter and the other Respondents in this matter, and he answered in the affirmative, and that his decision not to appear with his clients was his decision as counsel for Mr. Carter and the other Respondents.

He told me that he was advising me on May 15th, so that I would not be in any way surprised when the date of the

hearing came and he was not present.

Subsequent to the phone call -- I would point out, too, that he indicated to me, your Honor, during the course of the phone call, that he was going to write a letter directed to your attention, with a copy to me. Subsequent to the phone call I directed that a letter be sent to Mr. Abodeely. It is a brief letter, but I would like to have it made part of the record.

In substance the letter advised Mr. Abodeely that in view of his client's decision not to appear at the hearing to convene on Monday, May 20th, 1974, that the Division intended to move that the matter be defaulted against the Respondents in accordance with the Rules of Practice, in particular 6(e).

I should like at this time to have this letter made part of the record as a Division Exhibit, if that's suitable to your Honor.

JUDGE WALKER: Division Exhibit 1.

(The document above-referred to was marked Division Exhibit 1.)

JUDGE WALKER: Off the record for just one moment.

(Discussion off the record.)

JUDGE WALKER: Back on the record.

Division Exhibit 1 is received in evidence.

(The document above-referred to,





APPENDIX 2<sup>1</sup>  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

MAR 11 1975

Mr. John F. Carter  
Brokers Diversified Services Corp.  
600 Lincoln Street  
Worcester, Massachusetts 01605

Dear Mr. Carter:

This is in response to your letter dated February 6, 1975.

I am aware that you have charged misconduct on the part of the staff in the investigation of you and your companies and in its handling of the administrative proceeding commenced against you. An investigation of those charges was undertaken by the Office of the General Counsel. Subsequently, however, you elected to assert your grievances against the Commission in a civil action against three members of the staff of the Boston Regional Office and in a separate civil action against the Commission itself. Accordingly, by your action you have asked the court to determine the merits of your alleged grievances. As you and your counsel were advised, the Office of the General Counsel is charged with the defense of the staff and the Commission in actions of this nature and it would be inappropriate for that Office to attempt to conduct an objective investigation of the very charges which you compelled it to defend in a United States District Court.

As you are aware, the proceeding in question, in which you and entities controlled by you were charged with violations of the federal securities laws, was set down for an evidentiary hearing on May 20, 1974. You and your counsel were duly notified of that hearing and had you appeared and participated you would have had every opportunity to respond to the charges made by the Commission's staff against you and to present your case with benefit of the full panoply of rights accorded you under the Administrative Procedure Act and the Commission's Rules of Practice. But, for whatever reason, you elected not to attend that May 20 hearing. Accordingly, pursuant to Rule 6(e) of the Commission's Rules of Practice,

APPENDIX 2<sup>1</sup>

- 2 -

17 C.F.R. §201.6(e), the proceeding was determined against you by default.\* On August 1, 1974, the Commission entered an order barring you from association with any broker-dealer and further sanctioning the companies under your control.

The import of your letter seems to be a request that the Commission reopen its administrative proceeding against you (File No. 3-4436). Rule 12(d) of the Commission's Rules of Practice, 17 C.F.R. §201.12(d) sets forth the procedure by which you may seek to have a default set aside:

"(d) Motions to set aside defaults. In order to prevent injustice and on such conditions as may be appropriate, the hearing officer at any time prior to the filing of his initial decision or the Commission at any time, may for good cause, set aside a default under §201.6(e) or §201.7(e). Any motion to set aside a default shall be made within a reasonable time, and shall state the reasons for the failure to file or appear and specify the nature of the proposed defense in the proceedings."

While your letter might have been treated as such a motion to set aside a default, in view of the requirements contained in the last sentence of the rule, I thought that you would prefer to submit a more detailed statement than is set forth in that letter. Should you wish to submit a Rule 12(d) motion an original and seven copies should be filed with the Office of the Secretary of the Commission.

Very truly yours,

*Ray Garrett, Jr.*  
Ray Garrett, Jr.  
Chairman

\* Rule 6(e) provides in pertinent part:

"If any person who is named in an order for proceeding as a person against whom findings may be made or sanctions imposed . . . . fails to appear at a hearing of which he has been duly notified, such person shall be deemed in default and the proceeding may be determined against him upon consideration of the order for proceeding, the allegations of which may be deemed true . . . ."



## Brokers Diversified Services Corporation

800 LINCOLN STREET • WORCESTER, MASSACHUSETTS, 01605

617-852-0080

March 25, 1975

Mr. Ray Garrett, Jr.  
Chairman  
Securities and Exchange Commission  
Washington, D.C. 20549

Re: File No. B-858

Dear Chairman Garrett:

Further to your March 11, 1975, letter in which you stated; "While your letter might have been treated as such a motion to set aside a default in view of the requirements contained in the last sentence of the rule, I thought that you would prefer to submit a more detailed statement than is set forth in that letter. Should you wish to submit a rule 12(D) motion an original and seven copies should be filed with the office of the Secretary of the Commission."

Since I am without counsel, I would appreciate your treating my letter of February 6, 1975, as a request conforming with rule 12(D) Motion to set aside a default.

I am this date submitting seven copies of the same, with the office of the Secretary of the Commission.

Very truly yours,

*John F. Carter*  
John F. Carter

ADMINISTRATIVE PROCEEDING  
FILE NOS. 3-4421 and 3-4436

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C.  
May 1, 1975

MINUTE ORDERRE: Brokers Diversified, Inc., et al.

John F. Carter, a respondent in these proceedings, has been barred from association with any broker or dealer. Securities Exchange Act Release No. 10938 (August 1, 1974), 4 SEC Docket 661. Carter having failed to appear at the hearing of which he had been duly notified, the Commission's action was based on the allegations against him in the order for proceedings and on his default. Carter now moves to set aside that default.

In considering his application the Commission noted that:

(1) Carter had been charged with and was by reason of his default found to have committed serious violations of the antifraud provisions of the securities statutes.

(2) His papers do not address themselves to the merits of the matter. They are devoted in the main to vitriolic but undocumented attacks on the probity of certain members of the Commission's

- 2 -

Accordingly, the motion was ~~denied~~.

George A. Fitzsimmons  
Secretary

## APPENDIX BB

"BDI"  
"WMC"  
"BDSC"

VS.

"LMC"  
"ATTORNEY'S"  
"ATTORNEY"  
"ATTORNEY"  
"ATTORNEY"  
"SEC"

CIVIL ACTION NOS.  
74-2263-S  
74-4040-S

## WHAT'S IT ALL ABOUT?

April the 15, 1975, I had the opportunity to be a participant in the original;  
" BRING THE GUILTY BASTARD IN, AND WE'LL GIVE HIM A FAIR HEARING."  
In the collateral matter of W.L.Dickey v. J.F.Carter, (C.A.73-1700-C), before  
THE HONORABLE JUDGE ANDREW A. CAFFREY, U.S.District Court, District of Massachusetts,  
Dickey, a former stock salesman for BDI, had accused me of selling him my personal  
stock in BDSC, instead of corporate stock inBDSC, alleging that as a result of the  
sale his money went to me instead of BDSC. Dickey's accusations were made subsequent  
to his being fired for securities violations, selling his Limited Partnership,  
Troangle Inv. Assoc., under the guise of BDI, a licensed broker/dealer.

This action precipitated a contrived investigation on the part of the SEC, which resulted in the loss of my four companies to former employees, all of whom were well connected with the SEC. As a result of the substantial losses incurred by me, legal action was taken against all parties, to include the SEC, it's employees and other important Attorney's.

The first case to come to trial was Dickey v. Carter, (73-1700-C), a very important case for the SEC, since I had accused the SEC of violating my civil rights and conspiring to de-fraud me of my companies by conducting an illegal investigation. However, if Dickey wins in court ( charging me with misrepresentation ), the SEC has a good chance of getting their Motion to Dismiss, (74-2263-S), approved.

I am presently without counsel , a victim of conspiracy by the Organized Bar because of my unprecedented actions.

In spite of my appearance in court without counsel, my request for a trial by jury was denied by Judge Caffrey. My motion to consolidate the Dickey case (73-1709-C), with the SEC matter (74-2263-S), was denied, this decision on the part of Judge Caffrey was unconscionable, since, the two actions could not be tried separately, not if justice was to be served. When filing the suit against the SEC, (74-4040-S), my previous Attorney's lied on the face sheet, saying it was unrelated to any other case in court, an outright lie, since they were representing me in (74-2263-S), however, the new filing was quickly assigned to Judge Caffrey. I later dismissed that Law Firm for numerous other such violations, and the cases were later consolidated before Judge Skinner, (74-2263-S).



APPENDIX B5

AT THE SCENE OF THE CRIME ( COURT ), DICKEY ACKNOWLEDGED THE FOLLOWING :

He was aware that I asked the SEC for permission to sell him my personal stock. The SEC consented. ( Exhibit A ) Dickey admitted signing the enclosed document, which clearly indicates he was aware that he was purchasing my personal stock. ( Exhibit B ) He further admitted making his check payable to me, personally, and signing an escrow agreement, regarding my personal stock. Documents were exhibited in court. As a stock salesman and General Partner in his own Limited Partnership, Dickey was considered sophisticated in these matters. Dickey was caught in three lies under oath, however, my experience in this sordid affair has taught me not to expect to see it in the transcript. Dickey admitted to 18%, ownership in LMC, formerly WMC, for which he paid \$3,000, ( it's worth \$300,000 ), and his majority holdings in Darshall Inc., formerly BDI., for which he paid nothing. I previously owned 91% of the companies in question, with an out of pocket investment of over \$200,000, and worked without salaries and fees for three and a half years, the value of the companies was in the millions.

Despite the overwhelming written documentation and obvious gains by Dickey at my expense, Judge Caffrey awarded Dickey, April 17, 1975, a judgement of \$50,000, against me. I will now have to go through a very complicated Appeal Process, and the SEC will get their Motion to Dismiss, (74-2263-S), approved. Now, I know why my previous Attorney's lied on their face sheet and why Judge Caffrey's name was placed on it. It would appear that nothing is sacred, and the SEC gets what the SEC wants, and they want me.

Because of my determination to expose a Regulatory Agency drunk with power, I have been subjected to the following:  
Threats of murder ( also threatened my secretary ).  
Loss of my home, office building and companies.  
Investigated by the Internal Revenue Service, Atty. General's Office, and Health, Education and Welfare Department.  
SEC agents have visited local banks to destroy my credit.  
The SEC has monitored my every move so as to intimidate friends, business connections and the public, thus placing me in a position of being ostracized from the real world, and unemployed since October 1973.  
Newspapers will not print the results of my SEC hearing, even though the people have a right to know. Why is everybody afraid of my story?

You are probably wondering why I am writing to you, since, you have more than enough work from your own constituents, but as you know, regulatory agencies acting in a predatory fashion has it's effect on our total economy, thus regulatory reform is of great concern to all Americans. This year America is celebrating it's 200th Birthday, a tribute to our founding fathers, a group of strong willed individualists, who objected strenuously to governmental oppression. In commemoration of our Country's birthday what could be more fitting than to enact regulatory reform as a firm reminder to all, that we cherish and place the dignity and rights of the individual above all else and will not tolerate the power to persecute from any quarter.

While I can not win in this cause, I can make a contribution by telling my fully documented story so that others will benefit, from my sacrifices. You can make your contribution by providing the American people with the necessary checks and balances. " The time has come for Regulatory Reform."

I welcome any help or suggestions that you may have.

*John V. Carter*  
JOHN V. CARTER

APPENDIX B6

# Letters to the Editor

## If the System Works, Why Can't He Get a Lawyer?

To the Editor

It has been alleged in a suit that the Securities and Exchange Commission conducted a contrived investigation for the sole purpose of putting an end to the Brokers Diversified Group concept because it represented a serious threat to the mutual fund industry.

The Group, a unique financial services supermarket, conceived the idea of offering investment advisory services exclusively for the small investor through its own sales force. This led to the recruiting of mutual fund salesmen with a minimum of \$5 million under management.

Due to the stock market debacle, the fund salesman was hard pressed to retain his clients and was anxiously seeking a new vehicle. Because of the modest fees and obvious advantages of personalized advisory management, he was able to legally and conscientiously transfer his clients' monies from various mutual funds to Wellesley Management Corp., a licensed adviser, thus enabling Brokers Diversified Inc., a licensed broker-dealer, to re-cycle trading commissions heretofore controlled by the mutual funds. Five million dollars traded in a decent market represents \$50,000 in commissions. As might be expected, this concept was being warmly embraced by fund salesmen.

In addition to the above concept the Group also conceived and formed Brokers Diversified Services Corp., the first known entity of its kind in the country, a computer company selling group auto and fire insurance without a sales charge.

After 18 months of a highly unusual investigation, which included such important questions as: What nationality is he? Who does he contribute to politically? the SEC ended up with a big fat zero. However, to their credit they did not panic. Being real pros at playing the game, they made me an offer. If I shared half of my stock in Wellesley Management Corp., with a former employee and phased out Brokers Diversified Inc., the other companies would be left intact. The purpose of this offer was to water down the effectiveness of the concept by eliminating trading commissions. Since the Group companies were valued in the millions, it was felt that they made me an offer I couldn't refuse. I refused their offer.

As a result, the SEC then allowed former employees and stockholders to strip the assets of the Group companies and form successor firms.

James. I was warned that "if I took any trouble, they would punish me from my companies." Due to the substantial losses incurred, legal action was immediately taken against all parties, to include SEC, its employees and other attorneys.

The SEC has been able to handle most questions regarding their strange actions in the matter, albeit with the exception of a few details.

1. How is it possible for a governmental agency to bankrupt seven companies, draining their licenses and barring them from doing business without being able to bring charges in court? Against the companies?

2. How come they're unable to get a dismissal of my charges against them in court?

3. Why has the SEC allowed me to publicly deny their allegations? In doing they have not accepted my challenges. Could it be they're not anxious to publicize their deeds in this case?

4. In spite of my low suit and an agonistic letter to expose them (the truth is always antagonistic), the SEC is unable to retaliate with one single charge against me, as evidenced by the ownership of a seat in my name on the Boston Stock Exchange.

The irony of this situation is that since I'm not contented with any charges but am in fact charging the politically powerful SEC and its employees (all attorneys with a conspiracy. I am unable to obtain the services of a law firm. After all, what attorney wants to go into court representing a client with witnesses and documentation against his legal brothers and a vindictive governmental agency?

The public is being told by the SEC that the system works. If that's so, how come attorneys are not prepared to take their chances with it? The legal profession is guilty of violating its trust to the public and acting without conscience in this matter. Everyone is entitled to the services of a lawyer, even those clients who wish to sue lawyers.

Because of my unprecedented actions I have been subjected to threats of murder and violence. Although one of our witnesses clearly identified the would be assassins, all attempts to swear out a complaint for their arrest have been thwarted because of the involvement of important attorneys. I also lost my home, office building and companies.

I have been harassed and harassed by the IRS, HEW, attorney general and postal department.

Due to an on-going conspiracy,

have been bankrupted, losing my business community and am unable to obtain credit from banks.

If the business community is normal in bankruptcy, a good part of the blame must go to the media. In spite of the overwhelming documentation and witnesses regarding this bizarre story, we have been unable to get in print and remain victims of a total conspiracy.

Is the press attempting to tell us that this story is not of interest and value to the public? Or is the SEC too big and too powerful to be reprimanded in the press? The law is perfectly clear in this area. The people have a right to know all the facts regarding the outcome of a public proceeding.

I have been laughed at and told that I am being too idealistic; that there is no such thing as good and evil; that the courts are completely corrupt and I'm just squandering my life and others around me by my actions. My answer to those cowards, who have acquiesced their liberties to the fear of economic reprisals, is based in Sutherland's remarks on moral law: "If we are deprived of the concepts of good and evil, what will be left? Nothing but the manipulation of one another. We will decline to the status of animals." He further stated: "Remember, we have to pull ourselves up, but if you defend us, you also defend your own future."

An investigation into our charge against the SEC will give an insight as to why more than 80 per cent of the wealth in our country is controlled by less than 1 per cent of the people. Such an unequal distribution of wealth can only add credibility to the claim that unnatural forces are at work to suppress our competitive merits. The end result is almost always the same: Price fixing plus gouging equal suppression of the people.

After careful consideration, I think you will agree that regulatory reform is in everybody's best interest. Should you want to curb the regulatory abuses that affect us all, then write your congressman or senator regarding Senate Resolution 71 calling for a review of the regulatory functions of all federal departments and independent regulatory agencies.

JOHN V. CARTER

one Lincoln St., Worcester

BEST COPY AVAILABLE

APPENDIX CC

UNITED STATES COURT OF APPEALS  
FOR THE FIRST CIRCUIT

-----  
WILLIAM L. DICKEY, :  
 :  
Plaintiff, Appellee, :  
 :  
v. 75-1178 :  
 :  
JOHN F. CARTER, :  
 :  
Defendant, Appellant :  
 :  
-----

MOTION FOR FURTHER EXTENSION OF TIME FOR  
FILING STATEMENT OF ISSUES AND DESIGNATION OF RECORD

Now comes the Appellant in the above-entitled appeal and respectfully moves that the time for filing the Statement of Issues and the Designation of the parts of the record the Appellant intends to include in the appendix be enlarged to and including November 16, 1975 and that the time for filing the Brief for Appellant and the appendix be enlarged to and including December 8, 1975.

In Support Of Motion

On September 25, 1975, Appellant John F. Carter wrote to Conrad W. Fisher, Esquire, Appellant's counsel a letter the contents of which are enclosed;

September 25, 1975

Mr. Conrad W. Fisher, Esquire  
Fisher & Helfenbein  
47 Harvard Street  
Worcester, Massachusetts

RE: Civil Action No. 75-1178  
Dickey vs. Carter

APPENDIX CC

Dear Mr. Fisher:

Further to your remarks regarding the above, "you can raise any issue in the transcript".

Please be advised of the following:

Because of the decision rendered by Judge Caffrey and subsequent charges by me, alleging Caffrey's involvement in a conspiracy against John F. Carter, (exhibit A), I cannot understand the logic behind a request for a new trial.

Since, you have stated, "the worst decision I've ever seen" and "he, (Caffrey), has the mentality for this", I must now ask you to only petition the Court of Appeals to overturn Caffrey's Decision.

Please advise.

Very truly yours,

John F. Carter

cc: Mr. Dana H. Gallup, Clerk  
U. S. Court of Appeals for the first circuit  
Boston, Massachusetts

Mr. Richard A. Savrann, Esquire  
Newell, Savrann, Miller & Kunian  
1 Court Street  
Boston, Massachusetts

On September 26, 1975, Appellant John F. Carter wrote a letter to Conrad W. Fisher, Esquire, Appellant's Counsel instructing him to raise the following issues:

September 26, 1975

Mr. Conrad W. Fisher, Esquire  
Fisher & Helfenbein  
47 Harvard Street  
Worcester, Massachusetts

RE: Civil Action No. 75-1178  
Dickey vs. Carter

Dear Mr. Fisher:

Further to my letter of September 25, 1975, regarding the above matter. I wish to raise the following issues:

1. Denial of trial by jury.
2. Denial of motion to consolidate a related case.
3. Judgment was awarded to Dickey, on his word, in spite of the overwhelming documentation conclusively proving that he (Dickey), was lying.

APPENDIX CC

4. When filing C.A.No. 74-4040-S, J.F.C. v. S.E.C., attorney Abodeely lied on his face sheet stating this action was unrelated to any other matter before this court, (U.S.F.D.C.), it was quickly assigned to Judge Caffrey until the plot was uncovered. The case was then returned to Judge Skinner, who was presiding in C.A.No.74-2263-S, which was originally filed by Abodeely.
5. That all of the above to include Judge Caffrey's decision was done in concert, in a bold attempt to influence Judge Skinner to dismiss C.A.No.74-2263-S.

Please advise.

Very truly yours,

John F. Carter

cc: Messrs. Gallup, Savrann

On October 8, 1975, Appellant John F. Carter wrote a letter to Conrad W. Fisher, Esquire, Appellant's counsel, the contents of which are enclosed;

October 8, 1975

Mr. Conrad W. Fisher, Esquire  
Fisher & Helfenbein  
47 Harvard Street  
Worcester, Massachusetts

RE: Dickey vs. Carter  
Civil Action No. 75-1178

Dear Mr. Fisher:

Further to your letter, dated October 3, 1975, received in this office October 6, 1975, in which you stated; "I filed the statement of issues in regard to the above matter. The issues raised were: (1) the question as to whether or not the Trial Court had sufficient evidence upon which to base it's findings, and (2) whether or not you were incorrectly denied a trial by jury. Therefore, those are the only issues raised".

While I am aware of the unpleasant role that I have asked you to play. I must now nevertheless ask you to file a withdrawal of appearance, since, you refuse to raise the issues outlined in my September 26, 1975 letter.

Also, I would appreciate your remitting my Twenty Five Hundred, (\$2,500.00), Dollars retainer.

Thanking you for your contined cooperation in this matter.

Very truly yours,

John F. Carter

cc: Messrs. Gallup, Savrann

APPENDIX CC

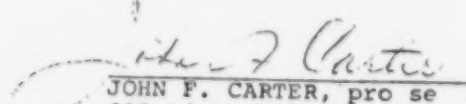
I also make reference to;

Exhibit A, C.A.No.75-1232, John F. Carter, et al. vs. Securities and Exchange Commission, Motion to file a new petition for review, and;

Exhibit B, "If the system works why can't he get a lawyer".

Since, I am now without counsel and must represent myself, this present motion is made on the assumption that the Appellant will be able to prepare his case by that date.

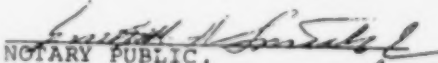
Respectfully submitted.

  
JOHN F. CARTER, pro se  
600 Lincoln Street  
Worcester, MA 01605  
Tel: (617) 852-0080

COMMONWEALTH OF MASSACHUSETTS  
WORCESTER, SS.

Then personally appeared before me the above named JOHN F. CARTER and made oath that the foregoing was true to the best of his knowledge and belief.

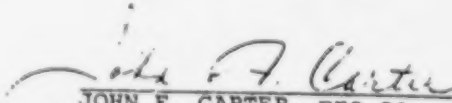
October 13, 1975

  
NOTARY PUBLIC,  
My commission expires. *Sept. 15, 1979*

CERTIFICATE OF SERVICE

I, JOHN F. CARTER, hereby certify that on this day I mailed a copy of the above Motion to the Plaintiff, Appellee, by mailing the said copy to the Plaintiff, Appellee's attorney, Richard A. Savrann, Esquire, NEWELL, SAVRANN, MILLER & KUNIAN, 1 Court St. Boston, Massachusetts.

October 13, 1975

  
JOHN F. CARTER, pro se  
600 Lincoln St., Worcester, MA 01605  
Tel. (617) 852-0080



APPENDIX DD



Brokers Diversified Services Corporation

600 LINCOLN STREET • WORCESTER, MASSACHUSETTS, 01605

WORCESTER 617-852-0080 • WELLESLEY 617-852-0080

November 4, 1974

Massachusetts Bar Association  
1 Center Plaza  
Boston, Massachusetts

Gentlemen:

Enclosed please find a copy of my letter to Judge Skinner.

After visiting countless law firms and contacting various legal groups, I remain without counsel.

The following is a list of legal groups contacted:

Massachusetts Bar Association, 1 Center Plaza, Boston, Massachusetts,  
Boston Bar Association, 16 Beacon Street, Boston, Massachusetts,  
Lawyers Reference Service, 16 Beacon Street, Boston, Massachusetts,  
Mass. Public Interest Research Group, 520 Boylston, Massachusetts,  
Board of Bar Overseers, 294 Washington Street, Boston, Massachusetts,  
National Lawyers Guild, 595 Mass. Ave, Cambridge, Massachusetts,  
Worcester County Legal Services, Inc. 306 Main Street, Worcester, Mass.

I wish to serve notice on the above and their agents that this letter and its enclosure represent a formal protest against the Legal Profession for refusing to make their services available to me.

Very truly yours,

*John F. Carter*  
John F. Carter,  
President

rc

enclosure

cc/ Boston Bar Assoc.  
Lawyers Reference Service  
Mass. Public Interest Research Group  
Board of Bar Overseers  
National Lawyers Guild  
Worcester County Legal Services, Inc.

APPENDIX DD<sup>1</sup>



Brokers Diversified Services Corporation

600 LINCOLN STREET • WORCESTER, MASSACHUSETTS, 01605

617-852-0080

January 25, 1975

Mr. Robert J. DeGiacomo  
Board of Bar Overseers  
Bar Counsel  
P.O. Box 797  
Boston, Massachusetts

Dear Mr. DeGiacomo:

Further to our telephone conversation January 22, 1975, in which your assistant, Daniel Klubock notified me that I must of "misunderstood" you to say that the Board of Bar Overseers would assign an attorney to represent me, he also mentioned that upon investigating my case with several attorney's that I visited their reason for refusing to become involved was the lack of a retainer.

For the record I made it perfectly clear to all law firms visited that I would meet whatever financial arrangements they might require. However, the real issue is not money but denial of Legal Services to John Carter for having the audacity to sue attorney's.

The Legal Profession is guilty of violating it's trust to the public and acting without conscience in this matter.

"TOO MUCH POWER TENDS TO CORRUPT"

Very Truly Yours,

*John F. Carter*  
JOHN F. CARTER

APPENDIX DD<sup>2</sup>

*Law Offices  
Harold W. Wilcox  
Jack R. Pirozolo*

*Fifty Federal Street  
Boston, Massachusetts 02110  
(617) 482-5470*

December 3, 1974

John F. Carter, President  
Brokers Diversified Services Corp.  
600 Lincoln Street  
Worcester, Massachusetts 01605

Dear Mr. Carter:

I thought I should write you following our conversation on the telephone today.

As I told you, I reviewed the various papers that you left with me following our meeting on Friday and I have reflected upon your situation.

While, as I said, I cannot pretend to know enough about the matter to advise you, it is apparent to me that the transactions involved are of such complexity that any legal advice which would be useful to you would have to be based upon an in-depth study of the matter and would require considerable legal research. I regret that circumstances are such that I cannot be of assistance to you.

I hesitate to make an obvious suggestion to you--that there are a number of firms in Boston to which you might turn--because it is apparent from some of the correspondence you left that you have embarked upon such a course without success. I do suggest that you review the section of Martindale Hubble which describes firms to see if there are any attorneys who might appear to be in a position to give you assistance with whom you have not been in contact.

The only other suggestion that I can give you is that you might turn to counsel in another city, such as New York, where there are a number of firms that deal with S.E.C. matters.

I return herewith all of the copies of your papers that were made at our office on Friday.

Very truly yours,

*Jack R. Pirozolo*  
Jack R. Pirozolo

JRP/dmm  
Enclosures

APPENDIX DD<sup>3</sup>

CENTRAL MASSACHUSETTS LEGAL SERVICES, INC.  
308 MA<sup>CH</sup> STREET  
WORCESTER, MASSACHUSETTS 01608  
AREA CODE 617 782-3718

December 3, 1974

John F. Carter  
Brokers Diversified Services Corp.  
600 Lincoln Street  
Worcester, Massachusetts 01605

Dear Mr. Carter:

A few days ago, I received a letter you sent to the Massachusetts Bar Association concerning your legal problem with the U. S. Securities and Exchange Commission et al.

The old Worcester County Legal Services has merged and has become Central Massachusetts Legal Services of which I am Executive Director. I have not been able to find any correspondence in regards to your matter, but it would appear that you may have been ruled ineligible because of your apparent over income status. Another possible reason may well be that we do not have any experienced attorneys dealing in the matter described in your letter of October 7th to Judge Walter Skinner. It would appear that even though you may be eligible financially, the matter in which you describe is not one that we are presently, competently able to handle having no experts in that field.

If you have any further questions with us, I would be glad to discuss the matter with you.

Very truly yours,

*John J. Bush, Jr.*  
John J. Bush, Jr.  
Executive Director

JJBjr:mas  
cc: Mass. Bar Association  
One Center Plaza  
Boston, Massachusetts

**AMERICAN CIVIL LIBERTIES UNION**

22 East 40th Street New York, N.Y. 10016 (212) 725-1222

September 17, 1975

John F. Carter  
Brokers Diversified Services Corp.  
600 Lincoln Street  
Worcester, Mass. 01605

Dear Mr. Carter:

The American Civil Liberties Union  
cannot provide any assistance in the matter  
described in your September 5 correspondence.

Sincerely yours,

*Joel M. Gora*  
Joel M. Gora  
Staff Counsel

JMG:m m

Edward J. Ennis, Chairman, Board of Directors • Ramsey Clark, Chairman, National Advisory Council  
Aryeh Neier, Executive Director • Norman Dorsen, Osmond K. Fraenkel, Ruth Bader Ginsburg, Marvin M.  
Karpavich, General Counsel, Legal Department, Melvin L. Wulf, Legal Director, Burt Neuborne, Assistant  
Legal Director • Staff Counsel: Joel M. Gora • Marilyn G. Haft • John H. F. Shattuck • Brenda Feigen  
Fasteau • Rena K. Uviller • Leon Friedman

(100% recycled paper)

**CCR****CENTER FOR CONSTITUTIONAL RIGHTS**

August 5, 1975

John F. Carter  
Brokers Diversified Services Corp.  
600 Lincoln Street  
Worcester, Mass. 01605

Dear Mr. Carter,

I am in receipt of your letter of July 31 to Mr.  
Kunstler and am taking the liberty of answering for him  
in his absence.

At the present time, Mr. Kunstler is out of town and  
will be in and out for some time. He simply is not able  
to accept responsibility for any new cases, although your  
case sounds quite interesting. However, Michael Kunstler,  
William's brother, has much expertise in that particular  
area of law and I would suggest contacting him at 370  
Lexington Avenue, New York, New York.

Sincerely,

*Jean L. Washington*  
Jean L. Washington

**853 BROADWAY 14TH FLOOR NEW YORK N.Y. 10003 212 674 3303**

CONTRIBUTIONS TO CCR ARE TAX DEDUCTIBLE

CABLE CENTERITES NEW YORK



APPENDIX DD<sup>6</sup>

PUBLIC CITIZEN LITIGATION GROUP  
SUI E 700  
2000 P STREET, N.W.  
WASHINGTON, D. C. 20036  
(202) 788-3704

July 29, 1975

John F. Carter  
600 Lincoln Street  
Worcester, Mass 01605

Dear Mr. Carter:

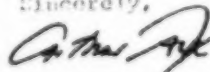
Ralph Nader has forwarded your recent letter and enclosures to me for reply. Unfortunately, we are not in a position to be of assistance to you.

The Litigation Group does engage in considerable litigation, but only in cases which are likely to establish new legal precedents of broad public significance. We have also, from time to time, brought suits against various agencies where they have engaged in conduct that is quite clearly not consistent with their statutory mandate as for example where a law has been passed, where its implementation has been assigned to an agency which does not agree with the objectives of the law and simply refuses to take the required action to implement it. In fact, these kinds of cases have the five lawyers in this group overloaded as it is.

Your situation is obviously a very complex one which dates back over the years. The reasonableness of the SEC's action would of course be dependent upon the facts of your case and the underlying transactions in which you engaged. To assist you, any lawyer would have to become intimately familiar with all this background information. Therefore, even if we might be persuaded that the SEC has acted improperly, assuming we had the time to develop the understanding which would permit our persuasion, we really could not assist you ourselves due to our own lack of resources. Moreover, regrettably we really lack the time even to develop such an understanding.

I am truly sorry that we do not have the staff and resources to assist individuals such as yourself. Public Citizen is hard at work seeking to obtain enactment of legislation to create a public watchdog, the Consumer Protection Agency, which would be equipped to help out. At the moment, that is where our energies must be focused.

Sincerely,



Arthur Cox

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APPENDIX DD<sup>7</sup>

THE WALL STREET JOURNAL

W. JONES & COMPANY, INC.

Publishers  
22 CORTLANDT STREET - NEW YORK, N. Y. 10007

FREDERICK TAYLOR  
MANAGING EDITOR

RECEIVED AUG 28 1974

August 22, 1974

Mr. George F. Carpinello  
The National News Council  
1 Lincoln Plaza  
New York, N. Y. 10023

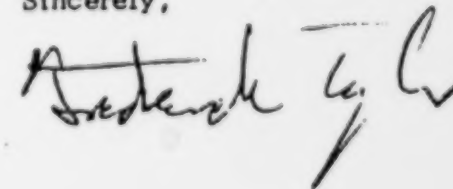
Dear Mr. Carpinello:

Concerning the latest complaint from Mr. John F. Carter of Brokers Diversified Services Corp.:

Before the August 13 article ran, one of our reporters tried unsuccessfully to reach Mr. Carter. The phone company claimed that there was no listing for him in Worcester and the Boston information operator couldn't find any listing for either of his firms, Brokers Diversified and Wellesley Management. On a further check yesterday, we found a listing for Wellesley Management in a Wellesley phone book has been discontinued.

We think Mr. Carter's real complaint is the fact that we haven't taken up his cause in his grievances against the SEC, not his right to comment.

Sincerely,



**Brokers Diversified Inc.**

600 LINCOLN STREET • WORCESTER MASSACHUSETTS 01605  
 WORCESTER 617-852-0080 • ~~WORCESTER 617-852-0080~~

August 30, 1974

Mr. George F. Carpinello  
 The National News Council  
 One Lincoln Plaza  
 New York, New York

Dear Mr. Carpinello:

Pursuant to your correspondence of 8/27/74 and its enclosure regarding comments from Mr. Frederick Taylor, Managing Editor of the Wall Street Journal, please find copies of telephone listings for Brokers Diversified Inc., and John F. Carter in the March 1974 Worcester area telephone directory.

You can verify the above by dialing Worcester information direct (1-617-555-1212). Brokers Diversified Inc., is listed in the Yellow Pages under:

Investment Securities, (page 221),  
 Stock and Bond Brokers, (page 408),  
 Pension Profit Sharing Design, (page 213)

If all else fails, I am listed in the white pages under:

Carter, John F., - See Brokers Diversified Inc.,  
 Carter, John F., - 12 Monticello Drive, Paxton, 799-4587.

I am also in receipt of a letter, currently circulated to my former Wellesley Management accounts, using the August 13th article against me.

As for Mr. Taylor's closing remarks, why is his newspaper afraid to print my story?  
 It's documented.

Sincerely,

*John F. Carter*  
 John F. Carter,  
 President

rk

enclosures

## Charles Plohn Sr. Is Penalized by SEC

*By a WALL STREET JOURNAL Staff Reporter*

WASHINGTON The Securities and Exchange Commission penalized Charles Plohn Sr., former partner in the New York brokerage firm of Charles Plohn & Co., after finding violations of securities laws.

The firm was prominent in the new issues market in the 1960s and sold shares of several young companies to the public, before it was suspended by the New York Stock Exchange in 1970 and subsequently placed in receivership.

The agency suspended Mr. Plohn from association with any broker-dealer for six months, after which he may work for a firm in a nonsupervisory capacity. The SEC said Mr. Plohn misused customers' securities and sent fraudulent statements to customers.

Mr. Plohn consented to the findings without admitting or denying the allegations.

In a formal statement, Mr. Plohn said he consented to the SEC order "simply because it would have cost a small fortune to defend the proceedings." Moreover, he said, his doctors advised against participating in such a lengthy proceeding at his advanced age—72.

Mr. Plohn asserted that the same charges brought against him by the New York State attorney general were dismissed in court. He also said all claims of lending banks, brokers and customers, except for a few customer claims in litigation, have been paid from the company's assets without outside help.

Proceedings still are pending against two other partners of the firm, Steven L. Gutman and Edward C. Jaegerman. Mr. Gutman has submitted an offer of settlement, which the SEC is considering, and Mr. Jaegerman is fighting the charges.

In a separate proceeding, the agency revoked the broker dealer registration of Brokers Diversified Inc., Boston. It also revoked the investment adviser registration of Wellesley Management Corp., Wellesley, Mass., and barred John F. Carter, controlling shareholder of both firms, from association with any broker-dealer.

The SEC found that both firms and Mr. Carter sold unregistered shares of Brokers Diversified Service Corp., an affiliate firm, and made fraudulent statements to investors. Neither firm could be reached for comment.

all unmatured coupons attached bonds will be purchased on September 15, 1974.

This invitation is made under the Trustee's discretionary powers, and is subject in its entirety to the rights, duties and limitations conferred or imposed upon the Trustee by the aforementioned Trust Agreement.

M&I MARSHALL & HILSEY BANK,  
 TRUSTEE

By: Edward T. Peoples, Vice President  
 Milwaukee, Wisconsin  
 August 13, 1974

**INVITATION FOR TENDERS**

BONDS MATURING SEPTEMBER 1, 1990 OF  
 WISCONSIN STATE AGENCIES  
 BUILDING CORPORATION  
 Educational Facilities Building Bonds,  
 Ser. A of 1981

Pursuant to the provisions of Section 505 of the Trust Agreement dated February 1, 1981, between Wisconsin State Agencies Building Corporation and M&I Marshall & Hilsey Bank, as Trustee, the undersigned Trustee hereby gives notice that until August 29, 1974, at 12 o'clock noon, Central Daylight Time, it will receive sealed proposals for the sale to the Trustee for cancellation of bonds of the September 1, 1990 maturity of the above-described issue. The Trustee will accept tenders specifying the lowest sale prices, up to an aggregate amount which will absorb the sum of \$200,000, now on hand in the Bond Redemption Fund. However, such prices may not exceed the redemption price which would apply if the bonds were redeemed on March 1, 1974, by operation of the Bond Redemption Fund.

Interest on bonds for which proposals are accepted will be paid to the September 1, 1974, purchase date, and will cease to accrue thereafter.

All proposals must be in writing, addressed to M&I Marshall & Hilsey Bank, Trustee, Corporate Trust Dept., Milwaukee, Wisconsin 53201, and should state the serial number of the bonds and price at which said bonds are offered. The Trustee reserves the right to reject all proposals, and if available funds do not permit the acceptance of any proposal in its entirety, to accept such proposal as to only part of the bonds offered by it.

Promptly after August 29, 1974, the Trustee will advise all bondholders whose proposals have been accepted. Subject to timely delivery thereafter of the bonds with all unmatured coupons attached, bonds will be purchased on September 5, 1974.

This invitation is made under the Trustee's discretionary powers, and is subject in its entirety to the rights, duties and limitations conferred or imposed upon the Trustee by the aforementioned Trust Agreement.

M&I MARSHALL & HILSEY BANK,  
 TRUSTEE

By: Edward T. Peoples, Vice President  
 Milwaukee, Wisconsin  
 August 13, 1974

**INVITATION FOR TENDERS**

BONDS MATURING SEPTEMBER 1, 1990 OF  
 WISCONSIN STATE AGENCIES  
 BUILDING CORPORATION  
 Welfare Department Facilities  
 Building Bonds, Ser. A of 1981

Pursuant to the provisions of Section 505 of the Trust Agreement dated December 1, 1981, between Wisconsin State Agencies Building Corporation and M&I Marshall & Hilsey Bank, as Trustee, the undersigned Trustee hereby gives notice that until August

APPENDIX EE  
UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

CIVIL ACTION  
NO. 75-3490-S

JOHN F. CARTER,  
Plaintiff

vs.

THE AMERICAN BAR ASSOCIATION,  
THE WALL STREET JOURNAL,  
Defendants

MOTION FOR SPEEDY COMPLETION OF  
PLEADINGS AND TRIAL

Now comes the Petitioner in the above-entitled  
matter and asks that this Court order the Respondents to complete the  
proceedings in a speedy manner and offers the following exhibits:

- Exhibit A - Foreclosure, c.a.no. 4547
- Exhibit B - Foreclosure, c.a.no. 4548
- Exhibit C - Puritan Life Insurance Co. letter, dated 2/10/76.

Respectfully requested,

JOHN F. CARTER, pro se  
P.O. Box 366  
Rochdale, MA 01542  
TEL. 617-892-9448

CERTIFICATE OF SERVICE

I, JOHN F. CARTER, pro se, hereby certify that I have  
on this day mailed copies of the above Motion to the attorneys for  
the defendants;

Robert W. Meserve, Esq., 125 High Street, Boston, Massachusetts  
Hemenway & Barnes, 73 Tremont Street, Boston, Massachusetts

March 16, 1976

APPENDIX EE<sup>1</sup>

  
PURITAN  
LIFE INSURANCE  
COMPANY  
Providence, Rhode Island / 02901

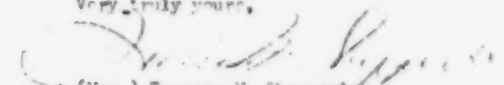
February 10, 1976

Mr. John Carter  
600 Lincoln Street  
Providence, R.I. 02901

Dear Mr. Carter:

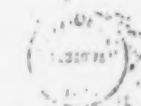
Thank you very much for your application for a General Agent contract  
with Puritan Life. However, we regret that we cannot accept the  
application at this time. This action is being taken based on  
information contained in our routine agent inspection report. In  
compliance with our "Notice to Licensed General Agent of Investigative  
Report under Fair Credit Act," you are advised that this report was  
furnished by Equifax (formerly Int-El Credit Company), Worcester  
office.

Very truly yours,

  
(Mrs.) Frances M. Shepperton  
Supervisor, Agency Services Division

cc: F.M. Maddell, Marketing Administration  
M.F. Moore, P.O.D.  
John G. Gagnon

  
PURITAN  
LIFE INSURANCE  
COMPANY  
Providence, Rhode Island / 02901

  
*John Carter*  
*600 Lincoln St.*  
*Providence, R.I. 0*



APPENDIX FF

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

JOHN F. CARTER,  
BROKERS DIVERSIFIED INC.,  
WELLESLEY MANAGEMENT CORP.,  
BROKERS DIVERSIFIED SERVICES CORP.,

Plaintiffs

vs.

CIVIL ACTION  
NO. 74-4040-S

UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,

Defendant

MOTION TO AMEND AND SUPPLEMENT COMPLAINT

Now come the Plaintiffs in the above-entitled action and move that this Honorable Court include this Motion To Amend And Supplement Complaint, with their previously filed, (November 19, 1975), Motion To Amend And Supplement Complaint And Memorandum Of Law In Support of Said Motion, on the grounds that the transactions, occurrences, and events stated herein have happened since the date of the Plaintiffs' original Complaint, and that it is in the interest of justice that all issues between Plaintiffs and Defendant be litigated in this action.

As to the Complaint, parties, add the following parties Defendant:

73. Defendant, Boston Stock Exchange, is a stock market exchange dealing in stocks and bonds and having it's principal office at 53 State Street, Boston, Massachusetts.

Defendant Boston Stock Exchange is named as a party Defendant hereto as Plaintiffs were members of Defendant Boston Stock Exchange during the period of time encompassed by this Complaint.

APPENDIX FF<sup>1</sup>  
UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

JOHN F. CARTER,  
BROKERS DIVERSIFIED INC.,  
WELLESLEY MANAGEMENT CORP.,  
BROKERS DIVERSIFIED SERVICES CORP.,

Plaintiffs

v.

UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,

Defendant

FILED  
CIVIL ACTION  
NO. 74-4040-S

U.S. DISTRICT COURT  
DISTRICT OF MASS.

MOTION TO AMEND AND SUPPLEMENT COMPLAINT

Now come the Plaintiffs in the above-entitled action and move that this Honorable Court include this Motion To Amend And Supplement Complaint, with their previously filed, (November 19, 1975), Motion To Amend And Supplement Complaint and Memorandum Fo Law In Support Of Said Motion, on the grounds that the transactions, occurrences, and events stated herein have happened since the date of the Plaintiffs' original Complaint, and that it is in the interest of justice that all issues between Plaintiffs and Defendant be litigated in this action.

As to Complaint, parties, add the following Defendant:

75. Defendant National Association Of Securities Dealers, Inc., (NASD), is an association (with disciplinary powers over it's member of registered broker/dealers dealing in stocks and bonds and having it's principal office at 1735 K Street, Northwest, Washington, D. C.

Defendant NASD is named as a party Defendant, hereto, as Plaintiffs were members of Defendant NASD during the period of time encompassed by this Complaint.

3. While the plaintiff in this action had ample time to amend his pleading prior to the filing of motions to dismiss by the defendants and

<sup>1/</sup> This Court had already granted Mr. Carter leave to amend his complaint to add parties defendant in No. 74-2263-S at the time of the consolidation.

*Denied  
3-28-76  
L. J. [illegible]*

*Denied  
3-28-76  
L. J. [illegible]*

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTSCIVIL ACTION  
NO. 74-4040-SJOHN F. CARTER,  
BROKERS DIVERSIFIED INC.,  
WELLESLEY MANAGEMENT CORP.,  
BROKERS DIVERSIFIED SERVICES CORP.,

Plaintiffs

FURTHER STATEMENT IN SUPPORT  
OF PLAINTIFFS' MOTION TO AMEND  
AND SUPPLEMENT COMPLAINTUNITED STATES SECURITIES AND EXCHANGE  
COMMISSION,

Defendant

STATEMENT OF FACTS

This complaint was originally filed August 1974, by the law firm of Abodecely, Abodecely, Raylis & Revelli. When filing said law firm lied on their cover sheet stating that this case was not related to any other matter before this court, as a result the case was originally assigned to Judge Caffrey.

Plaintiffs noted this discrepancy and others in a October 7, 1974 letter to Judge Skinner, consequently this case was reassigned and consolidated with civil action no. 74-2263-S. 1/

It has been alleged in civil action nos. 74-4040-S and 74-2263-S 2/, that the Defendants created an aura of hostility and dissension while participating in a contrived investigation to put an end to the Brokers Diversified Group concept, since, said concept posed a serious threat to the Mutual Fund Industry.

1/ Defendants would have this Court believe that their (Defendants) Motion to Consolidate civil action no. 74-4040-S with civil action no. 74-2263-S was self-motivated.

2/ This Court, (December 1, 1975), has allowed Plaintiffs (c.a.no. 74-2263-S) Motion To Amend And Supplement their Complaint.

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTSCIVIL ACTION  
NO. 75-4583-MJOHN F. CARTER,  
Plaintiff

vs.

TOWN OF DUDLEY, ET AL.,  
Defendants

MOTION TO CONSOLIDATE A RELATED CASE

Now comes the Plaintiff, John F. Carter, in the above-entitled matter and moves pursuant to Rule 42(a) of the Federal Rules of Civil Procedure, that this case be consolidated with case no. 74-4040-S.

This Motion is made on the basis that it is in the interest of justice that all issues between Plaintiff and Defendants be litigated in this action. And in support of said Motion the Plaintiff files an affidavit hereto.

Affidavit in support of Motion to Consolidate

1, JOHN F. CARTER, under oath and affirmation, state

as follows:

1. I am the Plaintiff in this action. This affidavit is made in support of my Motion To Consolidate.

2. I am the founder and majority stockholder of the Brokers Diversified Group, a unique financial services group of companies.

That Associates Diversified Inc. was one of the companies within the group.

3. Up to and including March 1974, the above realty corporation (Associates Diversified Inc.) with John F. Carter as the principal contributor and shareholder, was a viable and

Decided  
3-24-76  
L. J. [illegible]

APPENDIX GG



Brokers Diversified Services Corporation

800 LINCOLN STREET • WORCESTER, MASSACHUSETTS 01605

617-852-0000

March 18, 1976

Mr. Stephen A. McNerney, Esquire  
Toscano & McNerney  
47 Harvard Street  
Worcester, Massachusetts 01608

Dear Mr. McNerney:

I am in receipt of your letter, dated March 2, 1976, in which you stated: "immediate payment of a judgment in the amount of \$164.76 will now be made," further stating, "your failure to appear at said proceedings, once instituted, will force us to request the Court to issue a Capias for your civil arrest in order to secure your appearance before said Court to answer for an alleged contempt of Court." Said judgment is dated May 28, 1975.

Enclosed please find copy of your Motion To Amend Complaint, by substituting Associates Diversified Inc. as the party defendant, in place of John F. Carter. Said Motion was allowed by the Court, May 8, 1975, and assented to by Retta Cassidy, Clerk, Associates Diversified Inc.

I direct your attention to an Illinois case, People v. Beattie, 137 Ill 553, 574 (1897). Judge Magruder said: "The lawyer's duty is of double character. He owes to his clients the duty of fidelity, but he also owes the duty of good faith and honorable dealing to the judicial tribunals before whom he practices his profession. He is an officer of the Court - a minister in the temple of justice. His high vocation is to correctly inform the Court upon the law and the facts of the case, and to aid it in doing justice and arriving at correct conclusions. He violates his oath of office when he resorts to deception, or permits his clients to do so. He is under no obligation to seek to obtain, for those whom he represents, that which is forbidden by the law. If he suffers false and perjured testimony to be presented to the presiding judge, with the possible result of inducing the latter to take jurisdiction of a cause, in which there would otherwise be no power to act, and to grant a judgment or decree which the law would prohibit if the real character of the offered testimony were known, he cannot shield himself behind his supposed obligations to his client."

Very truly yours,

*John F. Carter*  
John F. Carter

certified mail  
no. 802214  
return receipt requested

cc: Worcester County Bar Association - Board of Bar Overseers, Boston

APPENDIX GG<sup>1</sup>

COMMONWEALTH OF MASSACHUSETTS

WORCESTER, SS

CENTRAL DISTRICT  
COURT OF WORCESTER  
00149906

Edmond Skonieczny, dba Ed's Business  
Equipment Co.

J. F. Carter, dba Associates Diversified Inc.

MOTION TO AMEND COMPLAINT

Now comes the plaintiff in the above entitled matter and asks this Honorable Court to amend its complaint by substituting Associates Diversified, Inc. as the party defendant in place of the defendant named herein and also amend the claim to read \$161.21.

Edmond Skonieczny, dba  
Ed's Business Equipment Co.

by *Stephen A. McNerney*  
Stephen A. McNerney  
Attorney  
47 Harvard St.  
Worcester, Ma. 01608  
744-5717

*Respectfully*

*Retta Cassidy, Clerk*  
*Associates Diversified Inc.*

May 8, 1975  
*Michael S. J.*  
Attest: *John F. Carter*

BEST COPY AVAILABLE



## The Commonwealth of Massachusetts

Worcester, ss.

To the Sheriffs of our several Counties, their Deputies, or any Constable of any Town or City in said Commonwealth.  
GREETING:

Whereas, Edmund T. Skonieczny dba Ed's Business Equipment Company

Southbridge

on the twenty-third day of May in the year nineteen hundred and seventy-five, before the CENTRAL DISTRICT COURT OF WORCESTER, in said County of Worcester, recovered judgment against

J. F. Carter dba Associates Diversified, Inc.

for the sum of one-hundred-sixty-one dollars and twenty-one cents, debt or damage, and three dollars, and fifty-five cents, for costs of suit, as to us appears of record, whereof execution remains to be done

We command you, therefore, that of the Money of the said DEBTOR or of HIS Lands, Goods or Chattels, within your precinct, at the value thereof in money, you cause to be levied, paid, and satisfied unto the said CREDITOR the aforesaid sum being \$ 164.76 in the whole, together with interest thereon, from the day of the rendition of the judgment as aforesaid; and also that out of the Money, Lands, Goods or Chattels of the said DEBTOR you levy your own fees.

And for want of such Money, Lands, Goods or Chattels of the said DEBTOR to be by HIM shown unto you or found within your precinct, to the acceptance of the said CREDITOR for satisfying the aforesaid sum, we command you to take the body of the said DEBTOR and HIM commit to our jail in the City of Worcester or to any jail in your precinct.

And we command, the Keeper thereof, accordingly to receive the said DEBTOR into our said jail, and HIM safely keep until HE pay the full sums above mentioned, with your fees, or that HE be discharged by the said CREDITOR, or otherwise by order of the law.

Under Seal Not, and make return of this writ with your doings thereon into the clerk's office of our said Court, at Worcester, within our County of Worcester, within twenty years after the date of the said judgment or within ten days after this writ has been satisfied or discharged.

WITNESS, BRUNO J. DICICCO, Esquire, FIRST JUSTICE, at Worcester, this twenty-eighth day of May in the year of our Lord one thousand nine hundred and seventy-five.

*Thomas Murphy*

Att'y Clerk.

## COMMONWEALTH OF MASSACHUSETTS

WORCESTER, SS.

SUPERIOR COURT  
CIVIL ACTION  
# 1595WORCESTER COUNTY NATIONAL BANK  
Plaintiff

vs.

COMPLAINT

JOHN F. CARTER, and  
CAROLYN CARTER  
Defendant

1. At all times stated in this Complaint, the Plaintiff was a national banking association organized under the laws of the United States of America with a principal place of business at 446 Main Street, Worcester, Massachusetts.

2. The Defendants signed a promissory note, marked Exhibit A and attached hereto, dated August 13, 1974, in the amount of Twenty-seven Thousand Dollars (\$27,000.00), of which the Plaintiff is the holder; that despite Plaintiff's demand for payment, said note is in default and there is an unpaid balance in the principal amount of Twenty-seven Thousand Dollars (\$27,000.00) together with accrued interest thereon in the amount of Six Hundred Fifty-two Dollars and Eighty Cents (\$652.80).

3. The Plaintiff has made demand upon the Defendants for payment of said note but the Defendants have refused to pay said note.

WHEREFORE, Plaintiff demands judgment against Defendants for \$27,652.80, for interests and costs.

WORCESTER COUNTY NATIONAL BANK  
by its attorney

Joseph W. Allen, III  
Mason, Crotty, Dunn & MacCarthy  
446 Main Street  
Worcester, Massachusetts 01608  
Telephone: 791-9282

APPENDIX GG<sup>4</sup>  
COMMONWEALTH OF MASSACHUSETTS

WORCESTER, SS.

SUPERIOR COURT  
CIVIL ACTION NO. 1595

WORCESTER COUNTY NATIONAL BANK )  
Plaintiff )  
vs. )  
JOHN F. CARTER, and )  
CAROLYN CARTER )  
Defendants )

DEFENDANT'S ANSWER TO COMPLAINT

1. Defendants admit that Plaintiff, Worcester County National Bank was a national banking association organized under the laws of the United States of America, with a principal place of business at 446 Main Street, Worcester, Massachusetts.
2. The Defendants deny the allegations contained in the Plaintiff's complaint, paragraph No. 2, in its entirety, and asks that the Plaintiff prove the same at trial.
3. Defendants admit the allegations contained in paragraph No. 3 of the complaint.
4. Defendants request a trial by jury.

Other defenses:

5. Defendants say that the complaint fails to state a claim against the defendants upon which relief can be granted.
6. Defendants deny the allegations of the complaint to the extent set forth in their counterclaim herein.

Counterclaim:

7. That at all times, Plaintiff's were aware of the purchase by their agent, Irving Piehler, Manager of Worcester County National Bank, Webster, Massachusetts, of three building lots from Defendant, John F. Carter, recorded August 15, 1974, quitclaim deed, Book 5563, pages 237, 238, 239, for a consideration of \$27,000.00. (Exhibit A)
8. Defendant Carolyn Carter denies ever having signed the note in question, dated August 13, 1974. Enclosed affidavit signed by Carolyn Carter. (Exhibit B)
9. Defendant John F. Carter denied ever having received any proceeds from the said note, and further states that his signature on the interest bearing note in question, August 13, 1974, represented a guarantee to buy back the lots from Worcester County National Bank's inventory at Twenty-seven Thousand Dollars (\$27,000.00) at a future date, since the lots recorded in Book 5563, pages 237, 238, 239, played a key role in the subdivision at Dresser Hill Heights, Dudley, Massachusetts, in which defendant, John F. Carter was involved.
10. That Plaintiff's agent, Irving Piehler, Manager of their Webster, Massachusetts branch bank, personally selected the lots and approved their value since he was a life long resident of Dudley, Massachusetts, and was personally familiar with the Dresser Hill Heights development and its value.
11. That Plaintiff's were at all times satisfied with their binding agreement with the Defendant John F. Carter, until it became known that Defendant, John F. Carter was bringing suit against his former attorneys, Abodeely, Baylis & Revelli Incorporated. This suit is a deliberate attempt on the part of the Plaintiff's counsel to persecute Defendants for their actions against Abodeely, Baylis & Revelli Incorporated realizing Defendants are unable to obtain counsel. (Exhibit C)

APPENDIX GG<sup>4</sup>

- 2 -

WHEREFORE, the Defendants demand:

- a. That judgment be for the Defendants against the Plaintiffs.
- b. Costs and reasonable fees incurred with this action.
- c. For such other and further relief as this court may deem just and proper.

By: John F. Carter

JOHN F. CARTER

APPENDIX GG<sup>5</sup>

MILTON H. RAPHAELSON  
COUNSELLOR AT LAW  
14 HARVARD STREET  
WORCESTER, MASS. 01608  
TELEPHONE 756-6306

April 14, 1976

Mr. and Mrs. John F. Carter  
12 Montello Drive  
Paxton, Massachusetts

Re: Worcester County National Bank vs John F. Carter and Carolyn Carter  
Superior Court No. 1595

Dear Mr. and Mrs. Carter:

I have been appointed Master in the above-mentioned matter, Superior Court No. 1595. Hearings are scheduled to start May 5, 1976.

Please send to this office copies of your pleadings in this matter.

Very truly yours,

MILTON H. RAPHAELSON

MHR/mad

REGISTERED NO.	9 4 9	POSTMARK OF	ROCKDALE
Special Delivery \$			
Reg. Fee \$	1.25	Return Receipt \$	1.00
Handling Charge \$		Restricted Delivery \$	
Postage \$	1.3	AIRMAIL	
POSTMASTER (BY)	Post		
FROM Baker Savings & Loan Corp. 600 Lincoln St. Worcester, Mass. 01608			
TO Mr. Milton H. Raphaelson 14 Harvard St. Worcester, Mass. 01608			

APPENDIX GG<sup>6</sup>

ed Services Corporation

WORCESTER, MASSACHUSETTS, 01605  
617-852-0080

Mr. Milton H. Raphaelson  
14 Harvard Street  
Worcester, Massachusetts

RE: No. 1595  
Worcester County National Bank vs. John F. Carter and Carolyn Carter

Dear Mr. Raphaelson:

Please be advised that my wife and I will not be attending your meeting scheduled 5/17/76, since, the Rules of this Court require agreement by parties regarding Masters.

However, we most assuredly will take advantage of our constitutional guarantee to a trial by jury.

"The Report of a Master is not merely evidence, as in the case of auditor's report, but inasmuch as no additional evidence is taken at the hearing by the Court upon the Master's report, the decision of the trial Court must necessarily be based entirely upon such report." Kyle v. Reynolds, 211 Mass. 110, 112, 97 NE 614.

"In this connection, it has been said that the report of a Master containing findings of fact has the same force as a jury's verdict." Bradley v. Borden, 221, Mass. 575, 586, 112, NE 416; C.A. Briggs v. National Wafer Co. 215, Mass. 100, 108, 102 NE 87; Stewart v. Humphrey, 212 Mass. 340, 94 NE 1030.

Very truly yours,

*John F. Carter*  
John F. Carter

registered  
return receipt requested

cc: Mr. Allen - Clerk, Worcester SS.



APPENDIX HH



Brokers Diversified Services Corporation

600 LINCOLN STREET • WORCESTER, MASSACHUSETTS, 01605

617-852-0000

February 25, 1975

Inspection Service  
U.S. Postal Service  
475 L'Enfant Plaza West  
Washington, D.C. 20260

Re: Certified, Return Receipt Requested, NOS. 068249, 068241, 068248,

Gentlemen:

THE ENCLOSED CORRESPONDENCE IS SELF EXPLANATORY:

All of the above and its documentation was presented February 19, 1975, to Postmaster, John Howarth, Worcester, Massachusetts. Whereupon, he chose not to acknowledge the said documentation, by refusing to receipt my complaint.

Am I to understand that a United States Post Master is unaccountable for the safety of my mail and the integrity of his Station?

Please Advise.

Very Truly Yours,

*John F. Carter*  
John F. Carter

enclosures  
First Class Mail  
Return Receipt Requested

APPENDIX HH<sup>1</sup>



CHIEF POSTAL INSPECTOR  
Washington, D.C. 20260

MAR 4 1975

Mr. John F. Carter  
Brokers Diversified Services  
Corporation  
600 Lincoln Street  
Worcester, MA 01605

Dear Mr. Carter:

This is in response to your recent correspondence in which you expressed a concern regarding postal service.

Since the issue raised in your letter is appropriately of concern to the Consumer Advocate of the U. S. Postal Service, I am forwarding your correspondence to him for necessary attention. You may be assured he will be in contact with you at an early date.

Sincerely,

*W. J. Cotter*

William J. Cotter  
Chief Inspector

cc: Consumer Advocate

AFFIDAVIT

I, RIITTA CASSIDY, hereby certify that on September 4, 1975,  
I mailed Five Hundred Thirty Five, (535), letters to the House and  
Senate representatives in Washington, D. C.

Said letters were mailed from a maildrop in Auburn, Massachusetts.  
However, none of these letters reached their destination.

Riitta Cassidy  
600 Lincoln Street  
Worcester, Massachusetts 01605  
Tel. (617) 852-0080

Worcester,

Then appeared the above named RIITTA CASSIDY, before me and made an oath  
that the foregoing was true to the best of her knowledge and belief.

This 8th day of October 1975.

Robert R. Wilson  
Notary Public

My commission expires .....

May 29, 1983

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

JOHN F. CARTER, Plaintiff

v.

JOSEPH M. DEGRAZIA, DICKSTEIN, SHAPIRO  
& MORIN, a/k/a COLSON & SHAPIRO,  
attorneys at law, and EDWARD DELANEY,  
assistant regional administrator,  
Securities and Exchange Commission,  
Defendants

C.A. Nos. 74-2263-S

74-4040-S

JOHN F. CARTER, et al., Plaintiff

v.

UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION,  
Defendant

MOTION TO ACCEPT PERTINENT MATERIALS

Now comes the Plaintiff in the above-entitled matter and moves  
that this Honorable Court grant him permission to file a Motion To  
Accept Pertinent Materials;

Motion to file a new petition for review,  
civil action no. 75-1232,  
John F. Carter, et al., petitioners vs. Securities and Exchange Commission,  
respondent

Motion for further extension of time for filing statement of issues and  
designation of record.  
civil action no. 75-1178  
William L. Dickey, plaintiff appellee vs. John F. Carter, defendant appellant

Mr. Sidney B. McKeen letter of 9/3/75, with exhibits A, B, and C.  
Worcester Telegram & Gazette, Worcester, Massachusetts

The Honorable Walter J. Skinner letter of 9/10/75  
U.S. District Court, Boston, Massachusetts

Mr. Francis Bellotti, (attorney general), letter of 9/26/75  
Boston, Massachusetts

Respectfully submitted.

John F. Carter  
JOHN F. CARTER, pro se  
600 Lincoln St., Worcester, MA 01605  
TEL: 852-0080

APPENDIX II<sup>1</sup>



Brokers Diversified Services Corporation

600 LINCOLN STREET • WORCESTER, MASSACHUSETTS, 01605

617-852-0000 September 10, 1975

The Honorable Walter J. Skinner  
U.S. District Court  
Boston, Massachusetts

RE: CIVIL ACTION NOS: 74-2263/4040 - 75-3490-S

Dear Judge Skinner:

On September 9, 1975, the Federal Bureau of Investigation informed me that they do not have jurisdiction to investigate my allegations - threats of murder - extortion - acts of other violence. They further informed me that your office does have the power to order an investigation.

In spite of the enclosed correspondence, witnesses and documentation, I have been unable to entice the Attorney General's Office, the District Attorney's Office, Worcester Police Department or the Worcester Central District Court to perform their sworn duties, to uphold the law and investigate our claims.

The Securities and Exchange Commission refuses to investigate our charges regarding their Boston Office despite overwhelming documentation and irregularities to substantiate charges of extortion.

Because I have the determination and courage to expose a messy situation, I am being persecuted by state and federal agencies - I.R.S. - Attorney General's Office - H.E.W. - Postal Department - What about my rights? What about the rights of the people? (who will ultimately benefit from my actions).

The latest incident is typical of my daily plight. September 1, 1975, my office was vandalized - many files were missing. Although the report was taken by a Police Officer, 9/2/75, and the damages were in the thousands, the report was never turned in to the Worcester Police Department. Since, I have become accustomed to this kind of tactic I was able to make out another report.

If your keeping score, it's mob rule 542 - law and order 0 -

When does the law start to work for me? Or, has the whole system gone mad?  
Or, is everybody corrupt?  
In any case, isn't it about time your office exercised it's great powers and ordered an investigation of our claims?

Please advise.

Very truly yours,

*John F. Carter*  
John F. Carter

cc: Clarence M. Kelley, Director  
Federal Bureau of Investigation  
Washington, D.C. 20525

enclosures

APPENDIX II<sup>2</sup>



Brokers Diversified Services Corporation

600 LINCOLN STREET • WORCESTER, MASSACHUSETTS, 01605

617-852-0000

September 26, 1975

Mr. Francis Bellotti,  
Attorney General  
Commonwealth of Massachusetts  
131 Tremont Street  
Boston, Massachusetts

Dear Sir:

Enclosed please find copies of affidavit and letters regarding Mr. William Fulginiti and Attorney Joseph Cariglia.

Please pay particular attention to my affidavit regarding the Fulginiti and Cariglia proposal to purchase their home at Lake Street, Shrewsbury, Massachusetts. After the purchase, they, (Cariglia/Fulginiti), further promised to have the said home burned at a profit to me.

Although all of the above together with the Fulginiti threats on Mrs. Cassidy's life have been reported, November 15, 1974, your office has never conducted an investigation, since, other agencies do not have area jurisdiction, this action on the part of your department is incomprehensible.

Also, your department has been notified that Cariglia and Fulginiti "sold" their home and it was recently burned.  
Am I to believe that in spite of all of the above documentation and witnesses, there will be no investigation?

I would appreciate ten minutes of your time to discuss this most important matter.

Please advise.

Very truly yours,

*John F. Carter*  
John F. Carter

rk

cc: Mr. Clarence M. Kelley, director  
Federal Bureau of Investigation  
Washington, D. C.

enclosures



## AFFIDAVIT

I, John F. Carter, presently residing at 12 Monticello Drive, Paxton, Massachusetts, on OATH, DEPOSE AND SAY:

During the early part of 1973, William Fulginiti, a Worcester businessman, while attempting to sell me a house belonging to attorney Joseph Cariglia, Lake Street, Shrewsbury, made the following proposal:

To purchase Cariglia's house for \$50,000.00 cash and 20,000 shares of Wellesley Management stock, (a company I owned). I told him I was not interested, he then stated I could make a lot of money on this transaction. I asked him, "how?", he hesitated and kept saying, "You know what I mean?", to which I replied, I did not know what he meant, and since I was in a hurry, I would appreciate his getting to the point. He then said, you know, "Whoosh". I said, "you mean by fire?". He said, "Joe Cariglia made a lot of money on the last one, (had it burned)". He added that taking care of such matters wasn't any problem, meaning and intending that if I bought the home from Cariglia, he (Fulginiti), would make the necessary arrangements to have the house burned.

Fulginiti is presently holding a second mortgage on Cariglia's new home at 102 Sewell, Boylston, Massachusetts.

Upon relating the Fulginiti proposal, I was told the following by my attorney:

It was common knowledge that Cariglia had his house burned.

Cariglia was insane and at one time attempted to kill his wife.

My attorney then told me to forget it or "I would get a bullet in the back of the head".

I hereby certify under the pains and penalties of perjury that the facts herein are true to the best of my knowledge and belief.

*John F. Carter*  
John F. Carter



UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

WASHINGTON, D.C. 20535

August 25, 1975

Mr. John F. Carter  
600 Lincoln Street  
Worcester, Massachusetts 01605

Dear Mr. Carter:

Your letter, with enclosures, was received on August 18th. Based on the facts you furnished, there is no indication that a Federal law within our jurisdiction has been violated and we, therefore, have no authority to conduct an investigation. Please contact our office located at John F. Kennedy Federal Office Building, Boston, Massachusetts 02203, and furnish full details. If a violation within our jurisdiction has occurred, I can assure you that the matter will be promptly investigated.

Sincerely yours,

*Clarence M. Kelley*  
Clarence M. Kelley  
Director



APPENDIX JJ

November 15, 1974

Attorney John Larkin  
Attorney General's Office  
State House  
Boston, Massachusetts

Dear Mr. Larkin:

Mr. John Carter suggested that I write to you about some strange things that have been happening to me. I am Mr. Carter's secretary.

For a quite a while now I have been receiving threats over the phone, notes at my front door etc. I have changed my unlisted phone number twice, reported the calls to the telephone company and finally called the police. Last Friday, 11/8/74, about 9:20 p.m., I heard a car drive in my driveway, and since the phone calls, etc., I have grown a bit apprehensive, so a while later I looked out of the window and saw the same car parked next to the empty lot on the side of my home. I went outside through the cellar and walked to the road and looked at the car. The license plate was smeared with something, that in itself is quite strange. The car was dark green, late model, a big car. There were three men sitting in it, and as I approached it, another car went by and I saw the driver. It was the same Mr. William Fulginiti, that Mr. Carter sent the affidavit on to your office. Then the car started to pull out, without turning its headlights on. On the way in, I noticed three stones on the trunk of my car, parked in the driveway. A few minutes later the phone rang and a man said: "Do you see how easy it would be to put a bomb in your car?" Then after a while the car returned and that is when I called the police. The car left right after my phone call and then the patrol car drove by. Later the green car returned. I called the police again and rather hysterically requested that the policeman would come to my door and see me. Then the green car left again. When the officer arrived I mentioned this to him and he said that some people have radios that are tuned to police calls. I reported all the happenings to him.

Since that night, the same car has appeared next to my home a few times. Latest time was last night.

Mr. Larkin, I am a mother of three daughters and I suppose I should think nothing will happen to me since it already has not happened and that is how I think - most of the time - but sometimes late at night I find myself listening to all the sounds and wondering what would be the best way to escape with my children, should someone come to call.

I do not know that you will either believe me or be able to help me but I wanted to try nevertheless.

Sincerely,

*Rita Cassidy*  
Rita Cassidy  
600 Lincoln Street  
Worcester, Massachusetts 01605  
Tel: 852-0080

APPENDIX JJ<sup>1</sup>

May 21, 1975

Mr. Linnehan  
Assistant Attorney General  
State House  
Boston, Massachusetts

Dear Mr. Linnehan:

Pursuant to your telephone conversation with Mr. Carter, last week, enclosed please find his affidavit, also, my letter to attorney Larkin and the follow-up.

I was contacted, after writing to attorney Larkin, as you see in the enclosed letters, by Mr. Herman from the Worcester Police Department. He came to see me on two different occasions and did not want me to pursue this matter any further. On his first visit he spent approximately two hours telling me things like, he had gone to see Mr. Fulginiti and did not think I would be harassed any more. And that I would probably be inviting more trouble trying to pursue this matter. Remarks like, "stirring up muddy waters". He mentioned this thing being worse than Watergate, meaning the whole matter, mine being the small part of it.

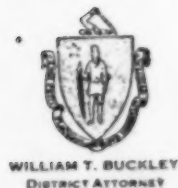
Regardless of his assurance I did not feel any better or safer and told him I would like to swear in a complaint against Mr. Fulginiti. So we went to the Worcester Central District Court where I was told by a clerk that he would be unable to do anything, but should something happen, I was to call them immediately. Isn't that reassuring? Can you imagine a situation in which I tell someone who wants to harm me to please wait a second while I make a phone call? So I started to take precautions, like leaving my children in the basement of the house while I start the car. That split second of turning the car key is a very long and terrifying one.

Well, Mr. Herman was right! I have not received any more threats after my discussion with him.

I just don't think something like this should be dismissed and brushed aside. I realize that in the eyes of the world it is not anything earthshattering but I look at it from a very selfish point of view: I only have one life and it was threatened.

Very truly yours,

*Rita Cassidy*  
Rita Cassidy  
600 Lincoln Street  
Worcester, Massachusetts 01605  
(617) 852-0080



WILLIAM T. BUCKLEY  
District Attorney

APPENDIX JJ<sup>2</sup>

COMMONWEALTH OF MASSACHUSETTS

OFFICE OF THE  
DISTRICT ATTORNEY  
MIDDLE DISTRICT

WORCESTER COUNTY COURTHOUSE  
WORCESTER, MASSACHUSETTS 01608

December 23, 1974

TELEPHONE  
513-2801  
AREA CODE 617

Ms. Riitta Cassidy  
600 Lincoln Street  
Worcester, Massachusetts 01605

Dear Ms. Cassidy:

This will acknowledge your letter dated  
December 19, 1974.

Please be advised we have sent the entire  
correspondence to Chief John J. Hanlon, Worcester  
Police Department, requesting that his office contact  
you.

Yours very truly,

*William T. Buckley*  
WILLIAM T. BUCKLEY  
District Attorney

WTB/jw

APPENDIX KK

SS-00-4

SUBPOENA DUCES TECUM

UNITED STATES OF AMERICA  
SECURITIES AND EXCHANGE COMMISSION

To John F. Carter, c/o Michael H. Abodeally, Jr.

Abodeally, Raylin I. Ravelli, Inc., 190 Main Street, Worcester, MA 01608

At the instance of The U. S. Securities and Exchange Commission  
you are hereby required to appear before Floyd H. Gilbert, an officer

of the Securities and Exchange Commission, at 150 Causeway Street,  
Room 502

in the City of Boston, Massachusetts  
on the 13th day of June, 1974, at 10 o'clock  
A.M. of that day, to testify in the Matter of Brokers Diversified Inc., Wellesley  
Brokers Diversified Services, Corporation, an order of investigation Management Corp  
entered by the Commission pursuant to Section 20(a) of the Securities Act  
of 1933 and Section 21(a) of the Securities Exchange Act of 1934.

And you are hereby required to bring with you and produce at said time  
and place the following books, papers, and documents:  
All books and records of Wellesley Management Corporation

Fail not at your peril.

In testimony whereof, the seal of the Securities  
and Exchange Commission is affixed hereto, and  
the undersigned, a member of said Securities and  
Exchange Commission, or an officer designated by  
it, has hereunto set his hand at Boston, Massachusetts  
this 6 day of June, 1974.

*Floyd H. Gilbert*

Floyd H. Gilbert, an officer

NOTICE TO WITNESS.—If claim is made for witness fee or mileage, this subpoena should accompany voucher. Witness fee and  
mileage shall be paid by the party at whose instance the witness appears.



APPENDIX KK<sup>1</sup>

IN REPLYING PLEASE QUOTE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
REGIONAL OFFICE  
180 CAUSEWAY STREET  
BOSTON, MASSACHUSETTS 02114

June 18, 1974

Mr. John F. Carter  
c/o Brokers Diversified Services Corporation  
600 Lincoln Street  
Worcester, Massachusetts 01605

Dear Mr. Carter:

Your telegram dated June 17, 1974, was received in this office by messenger on the morning of June 18, 1974, after your case had been opened in this office. However, your telegram was read into the record.

Your telegram stating that you will be unavailable for a meeting is most inappropriate. As you well know, you received an official subpoena from the U.S. Securities and Exchange Commission for appearance at this office at 10:00 a.m. on Tuesday, June 18, 1974, which you did not honor. Failure to honor such subpoena is enforceable in the federal courts.

Since your telegram indicates that this office may pick up the books and records of Wellesley Management Corporation at your office upon advice to you by registered mail, I am accepting this suggestion before enforcement of the subpoena.

In accordance therewith, you are hereby advised that agent or agents of this office will appear at your place of business, 600 Lincoln Street, Worcester, Massachusetts, at 10:00 a.m. on Monday, June 24, 1974. Since both you and your attorneys have been notified by telephone and by mail service, and you in particular have been notified by mail from this office on April 25, 1974, and again on May 3, 1974, that this office desires to inspect all of the books and records of Wellesley Management Corporation; and furthermore, since your attorney on your behalf before the administrative law judge at the pretrial hearing agreed to produce all of the books and records to this office at the date of the trial (to which no one appeared on the trial date), this last effort on the part of this office seems to be most fair and generous.

In accordance therewith, I request that you turn over to our agents at the time and date above specified all of the books and records kept by Wellesley Management Corporation in accordance with the requirements of Rule 204-2 of the 1940 Investment Advisors Act. Should any records kept by said firm be unavailable or unproducible to the agents at that

APPENDIX KK<sup>1</sup>

Mr. John F. Carter  
Page 2  
June 18, 1974

time, you should be prepared to specifically identify to them what records are unavailable and the reasons thereof.

Very truly yours,

*Floyd H. Gilbert*  
Floyd H. Gilbert  
Regional Administrator

BEST COPY AVAILABLE

No. 75-1731

Supreme Court, U. S.

FILED

JUN 22 1976

MICHAEL RODAK, CLERK

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**In the Supreme Court of the United States**

**OCTOBER TERM, 1975**

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**JOHN F. CARTER, PETITIONER**

**v.**

**AMERICAN BAR ASSOCIATION, ET AL.**

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**ON PETITION FOR A WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS FOR  
THE FIRST CIRCUIT**

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**MEMORANDUM FOR THE SECURITIES AND EXCHANGE  
COMMISSION IN OPPOSITION**

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**ROBERT H. BORK,**  
*Solicitor General,*  
*Department of Justice,*  
*Washington, D.C. 20530.*

**DAVID FERBER,**  
*Solicitor to the Commission,*  
*Securities and Exchange Commission,*  
*Washington, D.C. 20549.*

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*In the Supreme Court of the United States*

OCTOBER TERM, 1975

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No. 75-1731

JOHN F. CARTER, PETITIONER

v.

AMERICAN BAR ASSOCIATION, ET AL.

---

*ON PETITION FOR A WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS FOR  
THE FIRST CIRCUIT*

---

**MEMORANDUM FOR THE SECURITIES AND EXCHANGE  
COMMISSION IN OPPOSITION**

---

1. On August 1, 1974, upon finding various violations of the securities laws, respondent Securities and Exchange Commission revoked the registrations of Brokers Diversified, Inc., as a broker and dealer, and of Wellesley Management Corporation as an investment adviser; permanently suspended an exemption from registration of shares of Brokers Diversified Services Corporation; and barred petitioner, the controlling shareholder in these corporations, from being associated with any broker-dealer (Pet. App. W).

2. Petitioner, on behalf of himself and the above-mentioned corporations, thereafter filed a petition in the court of appeals, seeking review of the August 1, 1974, order of respondent Securities and Exchange Commission. On October 1, 1975, the court of appeals directed petitioner to file on or before October 15, 1975, an affidavit



indicating all other stockholders' interests in the petitioning corporations, and any adverse interests among the stockholders (Pet. App. 1-3). On November 6, 1975, the court of appeals dismissed the petition for failure of petitioner to comply with its order of October 1, 1975 (Pet. 25).<sup>1</sup> No extension of time for filing a petition for a writ of certiorari in this Court was obtained, and the petition was filed on May 28, 1976. To the extent that the petition seeks review of the court of appeals' order of November 6, 1975, it is jurisdictionally untimely under 28 U.S.C. 2101(c).

3. Petitioner and the above-mentioned corporations also commenced an action in the United States District Court for the District of Massachusetts against the Commission, alleging, *inter alia*, that the agency's investigation of petitioner's activities and subsequent order of August 1, 1974 (Pet. App. W), denied petitioner and the corporations due process, and seeking injunctive relief and damages of \$50 million (Pet. App. E). The district court granted the Commission's motion to dismiss the action on the ground that the court lacked jurisdiction to review either decisions by the Commission to undertake investigations or orders of the Commission (Pet. App. D-1).

Petitioner filed a notice of appeal, and moved in the court of appeals for an order consolidating the appeal with an appeal of the district court's dismissal of another action petitioner had commenced against various other respondents. On May 5, 1976, the court of appeals refused to consolidate (Pet. App. G).

<sup>1</sup>The court's order of November 6, 1976, which is not reproduced in petitioner's appendix, reads as follows:

It is ordered that the petition for review herein is hereby dismissed for failure of petitioner to comply with the order of this court of October 1, 1975, which directed petitioner to file an affidavit on or before October 15, 1975, unless a new attorney had entered an appearance.

There is no occasion for this Court to review that interlocutory ruling, which presents no important issue. The court of appeals has not yet decided whether the district court correctly dismissed the action. If the court upholds the dismissal, petitioner may ask this Court to review the refusal to consolidate in connection with any review he may seek of the court of appeals' final disposition of his case.

It is therefore respectfully submitted that the petition for a writ of certiorari should be denied.

ROBERT H. BORK,  
*Solicitor General.*

DAVID FERBER,  
*Solicitor to the Commission,  
Securities and Exchange Commission.*

JUNE 1976.